



Economics Research Associates

Final Report

**Review, Assessment and Recommended
Structure of the Greater Miami
Convention and Visitors Bureau**

Prepared for the

City of Miami Beach

Submitted by:

Economics Research Associates

In association with

Tourism Development Associates

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SECTION I: EXECUTIVE SUMMARY

The City of Miami Beach (CMB) retained the consultant team of Economics Research Associates (ERA) and Tourism Development Associates (TDA) to assess the structure of the Greater Miami Convention and Visitors Bureau (Bureau or GMCVB) and its relationship to the City. This structural assessment study is related to three other consulting efforts currently underway or already completed: a market analysis, an audit of the Bureau from the perspective of Miami-Dade County, and a strategic plan.

In their solicitation of consultants the City posed five questions/requests for this study. The questions are presented in bold italics below, followed by a summary of the answers to those questions. More detailed discussion of the issues, findings and recommendations from the study may be found in the body of the report.

- 1. Provide a review and assessment of the current Greater Miami Convention and Visitors Bureau ("BUREAU") governance, structure, processes and overall operations.***

Simple Answer to Question 1. In general the GMCVB is performing professionally and effectively. However, some immediate improvements are needed, as recommended in response to all five questions, and specifically in the areas of improving the quality of the relationship between the Bureau and the City, completing a strategic plan, and strengthening the governance of the Bureau.

Quality of the Relationship Between Bureau and City. The ERA/TDA consultant team has found the quality of the relationship between the GMCVB and the City is currently poor, and obviously has been deteriorating in recent years. The degree of dysfunction in the City-Bureau working relationship threatens to diminish the ability of the Bureau and City to continue growing the economic benefits derived from a healthy tourism-based economy.

Strategic Plan. One fundamental cause of dysfunction in the relationship has been the lack of a Strategic Plan articulating shared goals and objectives. Although the Strategic Plan is now underway, the City has been calling for such a plan for over four years in order to clarify directions and priorities for all parties that would allow the City to better envision common goals and be a better partner in working with the Bureau. This Strategic Plan should encompass more than a marketing work plan. It should begin with a process to achieve input and buy-in from all the regional partners and clearly define the agreed upon goals and objectives of the GMCVB. It should: set goals and objectives based on a strategic analysis of the research (including research on competitors); identify target markets for attracting visitors; position the various Greater Miami (and Miami Beach) tourism products within the competitive field; suggest what new tourism and convention products should be developed; prioritize improvements in the tourism infrastructure; etc.

Governance. In the context of the last couple of contract renewals the City has negotiated increased representation on the Bureau's Board and on the Executive Committee. Miami Beach provides approximately one-third (ranging from 30 to 35 percent) of funding from the public interlocal partners, and representation on the Board and key committees is proportional to this one-third financial support. Even so, the City feels their influence over Bureau direction is still insufficient. On the one hand, the Bureau cannot cede majority control of the Bureau to a minority partner, for example functioning like a department of the City of Miami Beach, without alienating the other interlocal partners and the private contributors (both financial and in-kind) that are so essential to an effective national and international sales effort. On the other hand, Miami Beach also invests financially in the tourism industry by being the host to the majority of visitors (and bearing the General Fund cost impacts of visitation). The consultants recommend an implementation process to an optimal state would be to:

- (1) Agree to specific goals and objectives through a shared strategic planning process and measure progress towards those goals over time;
- (2) Establish a level of Bureau funding, reserving other portions of the \$20+ million¹ in visitor generated funds for General Fund costs and local Miami Beach programs;
- (3) Set a long term automatic formula to provide that funding to the Bureau;
- (4) With influence in proportion to financial support participate enthusiastically in the Bureau governance process, but on a daily operating basis let the Bureau pursue its mission of marketing all of Greater Miami to the larger world; and
- (5) Enhance the tourism industry development function within the City to handle those initiatives that are of most interest at the local Miami Beach level.

The Bureau is governed internally by its Board of Directors. With 67 members, the GMCVB board of directors is more than double the average size for major bureaus, and with 21 members the Executive Committee is also more than double the average size of 9. In a diverse regional setting representing multiple destinations and governmental partners, an argument can be made for maintaining a large board. On the other hand, decision-making in a large board must be delegated to smaller committees and subcommittees making it more difficult for any one member to feel heard. A smaller Executive Committee could give each remaining member greater influence.

Benchmarking of the GMCVB Operation Against Other Comparable Bureaus. The ERA/TDA consultant team conducted a benchmarking analysis that compared the GMCVB with national averages for bureaus of its size, and against seven specific peer bureaus. The findings are that the GMCVB is within the norm for major bureaus in terms

¹ To provide context, City of Miami Beach Resort and Room Tax Revenues by month for Fiscal Years between 2000-2003 are presented in Appendix D.

of: its organizational structure, its accounting practices, its use of satellite offices, size of membership, and most other routine practices and organization characteristics. The GMCVB differs from the peer group in that:

- The GMCVB has a relatively large board as noted above.
- The GMCVB runs with a smaller than average staff, in percentage terms spending less than the average on payroll, and more than the average on direct promotion.
- The GMCVB generates proportionately less than the average funding from private sources.

2. *Make recommendations as to what type of model/structure should exist to provide the services necessary to achieve the optimal public relations, sales and marketing efforts to enhance the CMB's tourism and convention industries. The consultant will make recommendations as if no such structure currently existed throughout the region.*

Simple Answer to Question 2. The GMCVB is the appropriate model/structure. There is room for improvement, however (see recommendations in response to all five questions), and CMB has an additional role in maintaining and developing the region's tourism industry (see Question 4 below).

Optimal Model for Marketing Leisure/Tourism. Absent any existing structure, the optimal model for the greater Miami area would be to have the individual communities of interest (e.g., separate municipalities, hotels and other commercial interests) band together to provide a regional marketing organization to influence leisure travelers in selecting the destination. Individual cities and commercial interests also have responsibilities for marketing and promotion to increase their own capture of tourists attracted to the destination. In concept, the GMCVB in the greater Miami area is consistent with the optimal model.

Optimal Model for Marketing Conventions. In today's highly competitive market, a national scale convention business requires a cohesive package that includes: large and high-quality meeting and exhibition facilities; one or more headquarter hotels; additional hotels with a willingness to "block" rooms; a major airport; seamless ground transportation between airport, hotels and the convention center; interesting offsite event venues; and casual dining and entertainment opportunities. The greater Miami convention package is spread among multiple political jurisdictions. Absent any existing structure, the optimal model for the greater Miami area would be to have the individual communities band together to provide a regional marketing organization to influence meeting and event planners when selecting a destination. Individual hotels and their host communities also have responsibilities to promote their features to increase their own

capture of conventioners. In concept, the GMCVB in the Greater Miami area is consistent with the optimal model.

Advertising Alone as a Model for Marketing Tourism. Advertising is one of the functions employed by a full service Bureau when marketing for both leisure and convention visitors, and is generally provided by recruitment and retention of a separate advertising firm. It has been suggested that the City solicit and directly retain an advertising firm to promote Miami Beach. Advertising is only one of many required marketing functions, however, and a contract with an advertising firm would have to be augmented by substantial investment by the City in other outside vendors or in-house capabilities to provide such services as: provide business leads to lodging properties; coordinate the local business community to prepare bids/proposals for multi-property meetings and events; conduct meeting planner site inspections for prospective groups; staff a visitor information center; conduct familiarization tours; create special interest niche promotions; synergistically coordinate marketing efforts with those of other industry elements within the region; conduct long range strategic planning; promote the tourism industry to the host community through education and special outreach programs; and a wide variety of other critical functions. The consultants do not recommend using an RFP process to hire an advertising firm, because such a firm would not be able to perform the full range of services needed. The optimal model is to form a public-private partnership of regional scope to perform these functions, including the use of an advertising firm. In concept, the GMCVB in the greater Miami area is consistent with the optimal model.

3. *Consultant will compare and provide a comprehensive report on the BUREAU operations relative to industry standards.*

Simple Answer to Question 3. As noted in response to the first question, benchmarking the GMCVB against seven peer bureau found operations in Miami to be comparable to those in other major tourist destination metropolitan areas. There are no established “industry standards” for bureau operations, but in lieu of such standards, the ERA/TDA team compared the GMCVB against the averages for major bureaus as reported in the most recent survey conducted by the International Association of Convention and Visitors Bureaus (IACVB). The only notable aberrations of the GMCVB from national averages are: a smaller staff, a higher proportion of spending on direct promotion, less than the average funding from private sources, and a larger board and executive committee.

Performance Measures. The City also requested performance measures to evaluate the GMCVB, or any other alternative structure, in future years. Recognizing that no standards have existed in the industry for evaluating the performance of bureaus, the International Association of Convention and Visitors Bureaus (IACVB) has led a multi-year program to establish industry standards. The IACVB Board has recently approved a set of standards in October of 2003. As described in the body of the report and appendix, these should be used to evaluate the performance of the GMCVB over time in their own

market, and against their own goals. Eventually, industry standardization may allow for some comparison between bureaus, although there are many additional factors that complicate cross-bureau comparisons.

4. *The Consultant will evaluate and recommend strategic approaches for the CMB to meet objectives identified in the Market Assessment, including targeting, positioning, and communicating.*

Simple Answer to Question 4. Targeting and positioning for all tourism products in the region, including Miami Beach, should be addressed by the Strategic Plan currently being prepared by the Bureau. For tourism products that benefit the whole region, the CMB can gain the most leverage on the invested effort by working through the regional bureau. In addition, in a process already begun with the hiring of a Tourism Director, the CMB needs to maintain a local capability for ongoing tourism product development, community relations, and other functions that specifically benefit Miami Beach as described below.

Role of the City in Targeting and Positioning the Tourism Industry. Rather than expect the Bureau to undertake specific initiatives that apply primarily to Miami Beach, the City should conduct its own blue ribbon community planning process to identify and prioritize programs that should remain under the full control of the City. Programs implemented by the City, at times in concert with the VCA, could logically include:

- Product development (e.g., new cultural and heritage attractions);
- Community education, hospitality training, and visitor welcome services;
- Local planning and promotion; and
- Ongoing maintenance of the tourism infrastructure through the full range of General Fund expenditures.

These City activities should be directed by the same senior staff person who represents the City to the Bureau in order to maintain the tightest coordination in convention and tourism development efforts and to maximize the synergy of both entities working in concert.

Communicating. Communication problems can be a contributing factor to a declining relationship, and improved communication can be part of the solution. While it may be possible for gifted individuals to overcome even a poor structure in order to rescue a relationship, the focus of this analysis is on how to design an optimal structure that maximizes the probability of a productive working relationship, regardless of the personalities involved. The consultant recommendation is that each party develop a senior level staff position that has primary responsibility for representation to the other party. The City has recently hired a Tourism Director who can function in this role. The

consultants' recommendation is that the Bureau create a new executive position, perhaps with the title Senior Vice President of Public Affairs, to have primary responsibility for communicating with constituents in the greater Miami area, including the City of Miami Beach. Examples of how such a position within a bureau's organizational structure has been used very effectively are San Francisco and Los Angeles.

5. *Assess any adverse/positive impact as a result of the Bureau's efforts to market Greater Miami versus Miami Beach only. In this context, assess Bureau's efforts in marketing, promoting and supporting all segments of Miami Beach as a preferred destination. Evaluate how those efforts impact and maximize the assets and attributes of smaller communities through broad destination-wide sale and marketing approach. Formulate recommendations for increasing overall effectiveness that unifies and considers all stakeholders, creating a collective atmosphere in which to promote Miami Beach as a premier convention and tourist destination.*

Simple Answer to Question 5. An attempt on the part of the CMB to "go it alone" independent of the GMCVB would have an adverse impact on the Miami Beach economy. It is in the best interest of the CMB to continue to participate in the regional marketing structure provided by the GMCVB, but to retain responsibility for some local tourism programs as well. Investment in tourism development at both the regional and local level should repay the City with the dividend of increasing visitor-generated tax revenue, providing growing funds to offset the costs of general fund services consumed by visitors and enjoyed alike by residents.

Miami Beach as the preferred destination and Brand Identity. There has been much local debate over the whether or not the Bureau gives sufficient weight to the "Miami Beach" destination in its marketing of the region. Clearly Miami Beach is a major destination within the region; over 75 percent of all overnight guests go to Miami Beach during their stay, and over 40 percent stay in Miami Beach lodging. While local residents may be intensely aware of the political boundaries between communities, the typical visitor is not aware, and frankly does not care. Although the image is typically Miami Beach, often more specifically South Beach, at the international and national scale the brand identity for the region is "Miami."

New Funding Mechanism as a Means of Unifying Stakeholders and Creating a Collective Atmosphere. A consistent and assured funding mechanism for the regional Bureau effort would improve performance of the existing working structure between the City and the Bureau, and reduce a source of historical contention. Historically, the City's financial participation in the Bureau has been negotiated every two years. This protracted program identification and negotiation process is not the most effective use of staff time or that of the business people in the industry who have participated in the process. The optimal structure would involve a formula-based contribution coupled with a long-term agreement, providing greater consistency of funding, yet still fluctuating with macro-

economic industry performance. The City would fund additional direct marketing initiatives, and address local needs from visitor-generated revenues.

In Summary, the City should continue to participate in the funding of the GMCVB and participate fully in its effort to market the region to the world at large. At the same time the City should establish a tourism development division within the City. Funding for both of these tourism development functions and funding for the general fund costs of serving visitors should come from the taxes levied on visitors. A shared vision, developed through a strategic planning process, is needed to coordinate the efforts of the Bureau and the City, and help the City allocate their resources among these three expenses. Structural changes within the Bureau are recommended to enhance future communication between the two entities, and parallel structural changes within the City are already being implemented. Recurring negotiations over funding should be replaced with a longer term and automatic funding formula.

SECTION II: INTRODUCTION

Since the mid 1980s, the City of Miami Beach (City or CMB) has contracted with the Greater Miami Convention and Visitors Bureau (Bureau or GMCVB) to provide tourism and convention promotion and marketing services. The City's recent renewal of the GMCVB contract was conditioned on the procurement of an independent review and assessment of the current governance, structure, processes and overall operation of the GMCVB. The City solicited an independent consultant to make recommendations as to the ideal structure of the organization to provide the services to achieve optimal public relations, sales, and marketing to enhance Miami Beach's tourism and convention industries.

The GMCVB is a private non-profit marketing organization. Its mission is to attract and encourage individuals and organizations to visit the Greater Miami Area and the Beach Communities for conventions, business, and recreation. GMCVB has more than one thousand private business members and four local government members known as interlocal partners. The four interlocal partners are Miami-Dade County, City of Miami Beach, City of Miami and Bal Harbour Village.

Consultant Assignment

The City of Miami Beach selected a consulting team composed of Economics Research Associates (ERA) as prime contractor, collaborating with Tourism Development Associates (TDA) as subcontractor. The five fold charge to the consultants was to:

1. Provide a review and assessment of the current Greater Miami Convention and Visitors Bureau ("BUREAU") governance, structure, processes and overall operations.
2. Make recommendations as to what type of model/structure should exist to provide the services necessary to achieve the optimal public relations, sales and marketing efforts to enhance the CMB's tourism and convention industries. The consultant will make recommendations as if no such structure currently existed throughout the region.
3. Consultant will compare and provide a comprehensive report on the BUREAU operations relative to industry standards.
4. The Consultant will evaluate and recommend strategic approaches for the CMB to meet objectives identified in the Market Assessment, including targeting, positioning, and communicating.
5. Assess any adverse/positive impact as a result of the Bureau's efforts to market Greater Miami versus Miami Beach only. In this context, assess Bureau's efforts in marketing, promoting and supporting all segments of Miami Beach as a preferred destination. Evaluate how those efforts impact and maximize the assets and attributes

of smaller communities through broad destination-wide sale and marketing approach. Formulate recommendations for increasing overall effectiveness that unifies and considers all stakeholders, creating a collective atmosphere in which to promote Miami Beach as a premier convention and tourist destination.

Study Organization and Responsibilities

The findings and recommendations from the study are summarized in the Executive Summary, Section I, immediately preceding this introduction. The results of the benchmarking task comparing the GMCVB with other bureaus are summarized in Section III. The significant questions and issues are analyzed in Section IV, including more detailed rationale and discussion of the recommendations presented in the Executive Summary.

This study was managed by Steven E. Spickard, Senior Vice President, in ERA's San Francisco office. Trudy McNulty, President, managed the TDA portions of the study. Research and analysis was provided by Sujata Srivastava and Nadine Fogarty of ERA and Heidi Whitten of TDA.

SECTION III: COMPARISON OF GMCVB WITH OTHER BUREAUS

Introduction

Not all readers of this analysis will be professionals in the travel and tourism field. Thus, some context is required to put the activities of the Greater Miami Convention and Visitors Bureau (GMCVB) into perspective. This section serves to provide the “benchmark” context for the analysis of issues presented in Section IV of the report. For example, where this context section provides comparative information on bureau size and funding, Section IV will discuss possible ways to measure bureau performance. The ERA/TDA consulting team has procured permission to use aggregate data on the industry for this purpose from the International Association of Convention and Visitors Bureaus (IACVB), through their most recent industry survey. This survey, conducted in 2001, collected data from the “most recent fiscal year,” which in the majority of cases was 1999-00. ERA and TDA have contacted selected individual bureaus for permission to use similar data to compare with either the Greater Miami area or the City of Miami Beach when viewed alone. The GMCVB provided data for FY 1999-00 to the ERA/TDA team, because the GMCVB did not participate in the 2001 IACVB survey. The City of Miami Beach also provided comparison data that was used by the 1999 Blue Ribbon Committee. That data also came from this same industry source, the IACVB’s survey that was conducted in 1998 and reflected primarily 1997 data. IACVB does not conduct this survey every year, and prior publication dates include 2001, 1998, 1996, 1993 and 1989. The IACVB survey is the only source of this type of information that is assembled (with significant effort) by each bureau in a format that allows for cross comparison, and the 2001 report is the most recent.

First, in the section below the range of activities of a modern bureau is described. Next, the general scale of the Greater Miami tourism marketing effort is placed in the context of other comparable destinations in terms of the two key indicators: total hotel rooms needing to be filled, and total budget resources available. The context for the City of Miami Beach alone, assuming \$5 and \$6 million budgets,¹ is also presented. The business characteristics of the GMCVB are then compared to averages and typical business practices for the collection of bureaus with budgets in excess of \$10 million per year as provided by the IACVB survey. Finally, the GMCVB is compared with seven comparable bureaus.

The seven destinations to be studied in this benchmarking task were identified through interviews conducted in the first phase of the project in Miami and Miami Beach. Questions reflected the criteria for inclusion, such as: What are the peer destinations? Which locations compete with Miami and Miami Beach? Which bureaus have to deal with similar markets or similar issues as the GMCVB? The result of this line of open-

¹ Note: After netting out \$330,000 in mandated support for other programs, the GMCVB considers its base year budget of \$5.0 million to be worth \$4.67 million in funding for Bureau activities.

ended questioning produced the following list of major destinations and CVBs. The consulting team contacted all seven of these bureaus to collect benchmarking information. They are:

- Atlanta,
- Dallas,
- Los Angeles,
- New Orleans,
- Orlando/Orange County,
- San Diego, and
- San Francisco.

The Role of a Convention and Visitors Bureau

Throughout the US and around the world the economic benefits of tourism are recognized as a catalyst for revitalizing or enhancing the business climates of destinations. Tourism expenditures enable cities to build, protect and preserve their communities while providing amenities for residents.

To achieve these benefits, cities, counties and regions form destination management and marketing organizations most frequently known in the U.S. as convention and visitor bureaus (CVBs). First begun in Detroit in 1914, CVBs have grown and expanded to meet the demand for more sophisticated marketing to attract increasing numbers of business and leisure visitors to their communities.

To meet the increasing competition, CVBs have grown in budget and in staff and have become more regional in their approach, in order to:

- Encompass a more diverse tourism product to attract a more diverse market;
- Generate a critical mass of varied attractions;
 - Visitors rarely travel for a single component such as a particular hotel, restaurant, or attraction. Only by joining together to create a critical mass that can develop an image can a destination be successful. Even a powerful magnet such as Disney World would not be able to achieve acceptable sales without the surrounding support services in the Orlando region. The additional area attractions make Disney a weeklong vacation that attracts repeat vacationers rather than a 3-day visit.
- Generate a larger budget and greater resources in order to market to a wider audience; and

- Produce greater returns on investment for communities, non-profit organizations and businesses.

Sample marketing and promotion activities of a modern CVB, and those currently provided by the GMCVB for the greater Miami area, include:

- Actively promote leisure visitation through advertising, direct mail, trade and consumer shows and cooperative promotions.
- Create special interest niche promotions.
- Actively solicit meetings and conventions, trade shows, reunions, special events, sporting activities, etc. via trade shows, advertising, telemarketing, sales missions, direct sales, direct mail, familiarization (FAM) tours, specialty promotions, bid presentations, and maintain membership/attendance at industry events.
- Actively solicit motorcoach tour operators through industry trade shows, advertising, hosting familiarization tours, special promotions, NTA, ABA, OMCA, etc.
- Work with domestic and international tour operators to develop independent travel (FIT) and group tour packages.
- Conduct an active public relations program to promote the image and attractions of the destination using press kits, press releases, maintenance of slide files, solicitation of journalists for familiarization tours, sales missions to targeted media outlets, etc.
- Develop and maintain an interactive web site as a marketing tool for information and promotion, including links to all participating communities.
- Produce a Visitor Guide that includes attractions, festivals and events, cultural and recreational opportunities, lodging, shopping, dining, transportation/accessibility, community overviews, and heritage and historical information.
- Produce a Destination Planner Guide for the group market that includes details on accommodations, properties with lodging, meeting space and amenities specifications; public assembly facilities; special event venues such as park facilities; and businesses which service the group market such as florists, printers, and transportation.
- Produce a Calendar of Events promoting fairs, festivals, cultural activities, and seasonal events.

Sample services a CVB provides include:

- Provide meeting/event planner services, i.e. site inspections, registration services for meetings, housing bureau, and coordination of local services such as transportation, official welcomes and entertainment.

- Manage a professionally staffed business office during business hours Monday-Friday year round.
- Manage a professionally staffed Visitor Information Center(s) 7 days/week, year round including call center and visitor inquiry response via mail, fax, and email.
- Communicate with area communities and businesses re: upcoming events for cross-promotional opportunities for residents and visitors.
- Provide business leads to area lodging properties, public assembly facilities, special event venues and businesses that provide services for groups.
- Prepare bids/proposals for solicitable multi-property meetings and events.
- Assist with building attendance for meetings through provision of welcome packets for delegates, and other services.
- Arrange for meeting planner site inspections for prospective groups.

Sample CVB activities for tourism infrastructure development include:

- Evaluate missing elements of the visitor attraction and services package.
- Advocate for supplying those missing elements (i.e. hotels, age specific attractions, transportation mechanisms, etc.)
- Develop “soft” products, i.e. walking tours, driving tours, special interest packages, etc.

It is important to note that destination marketing requires an integrated approach. Different business segments such as convention and leisure should be coordinated to reinforce each other; marketing cannot be separated from service provision; and marketing components should not be separated (i.e. consumer advertising from trade show promotion, etc.) in order to maximize effective and efficient use of available funds.

City of Miami Beach Funding of GMCVB

Blue Ribbon Committee and Interlocal Agreement, 1999

In November 1998, the City of Miami Beach re-examined and terminated its expiring Interlocal Agreement with the Greater Miami Convention and Visitors Bureau, which had been signed in 1993. In January 1999, the City negotiated a one-year contract with GMCVB commencing in December 1, 1998 and ending September 30, 1999 (Fiscal Year 1998/1999). The Agreement created a Blue Ribbon Committee on Conventions and Tourism (the Committee) to review and advise on the City’s relationship with GMCVB and to potentially negotiate a new Agreement, depending on the Committee’s recommendations.

The Committee held meetings and presentations from GMCVB, the City of Miami Beach, the Miami Beach Visitor and Convention Authority (VCA), and SMG. Based on the final recommendations from the Committee, the City entered into a new Agreement with the GMCVB for a three-year term, with a two-year renewal option. The Agreement's regular term commenced on October 1, 1999 and terminated September 30, 2002. The optional renewal term would commence October 1, 2002 and end on September 30, 2004.

The Interlocal Agreement contained certain conditions and terms recommended by the Blue Ribbon Committee, including:

- Specific marketing and promotion activities emphasizing Miami Beach;
- Financial reporting by the GMCVB;
- City representation on GMCVB's Board of Directors, Executive Committee and Sub-Committees; and
- Structure of the City's financial contributions to GMCVB.

Structure of City Contribution to GMCVB

The 1999 Interlocal Agreement established the current funding structure of Miami Beach's contribution to the GMCVB. Funding to the GMCVB is based on a base fee of \$5 million annually from the City of Miami Beach's resort tax revenue. This portion is allocated only from the two percent municipal resort tax on hotel rooms, food and beverage, and alcohol generated in Miami Beach.

If actual collected resort taxes exceed the actual collected amount in the base fiscal year (FY 1999/2000), then an additional contribution is made to the Bureau. Under the terms of the agreement, beginning in FY 2000/2001 the City of Miami Beach contributes 25 percent of the incremental increase in resort tax collections above the base level.

Mayor's Blue Ribbon Tourism Task Force and Interlocal Agreement, 2002

In May 2002, as the regular term of the 1999 Agreement approached expiration, the City and GMCVB signed another Interlocal Agreement. The Agreement earmarked funds for specific tourism promotion and marketing activities in Miami Beach, as identified in the Mayor's Blue Ribbon Tourism Task Force Report. According to the Agreement, GMCVB will target at least \$1 million each year of the renewal term for the initiatives below:

- Cultural/Special Events — Development and promotion of cultural and special events in Miami Beach.

- Sales/Marketing — Expansion of efforts to promote Miami Beach as a “happening place.”
- Film/Fashion/Entertainment – Target marketing efforts to film, fashion and entertainment industries.
- Small/Boutique Hotels -- Development of marketing and web page especially for small and boutique hotels.
- Destination Video Campaign – Promotion of Miami Beach as a tourism destination.
- Airport Partnership – Enhancement of visitor experience at Miami International Airport.
- Gay and Lesbian Travel – Expansion of advertising, and publications targeted to gay and lesbian visitors; research trends in gay and lesbian visitation to Miami Beach.
- Service/Attitude – Partnership with VCA to develop improvements in service and attitude for hospitality employees.
- Heritage/Preservation Programs – Maximizing use of MiamiBeach.com website.
- Public Relations – Implementation of campaign for public awareness of benefits of tourism to the community.

Key Comparable CVBs by Size of Budget and Room Count

A reasonable tourism effort affords a destination the marketing resources necessary to attract visitors and to be competitive in the marketplace. Four different mechanisms were evaluated to identify the competitive peer groups for the City of Miami Beach and for Greater Miami. Note that while these comparisons are ways of evaluating the adequacy of resources bureaus have to do their jobs, they are not performance measurements per se. Methods of measuring performance are discussed and presented in Section IV.

1. Evaluating the competitive budgets of comparably sized CVBs to determine “how loud” the bureau’s voice would be in the marketplace.
2. Comparing average budgets of CVBs nationally with similar room counts.
3. Comparing U.S. CVBs with similar room counts to determine the average spending per room.
4. Comparing the range of spending per hotel room in bureaus with comparable room counts in Florida.

In order to determine “how loud” a destination’s voice would be in the marketplace, in **Table III-1**, the largest budget destination U.S. bureaus are identified.

Table III-1: Comparable Budgets of Large CVBs

	Millions
Orlando/Orange County	\$33.9
Los Angeles	\$28.5
Kissimmee/St. Cloud	\$21.8
Miami 99-00 actual	\$18.5
Atlanta	\$18.2
San Diego	\$17.8
Dallas	\$16.1
San Francisco	\$15.8

Note: Las Vegas is omitted because its budget includes convention center operations and exceeds \$150 million.

Source: 2001 IACVB Foundation Survey, used with permission from individual CVBs.

This data demonstrates that in terms of total resources Greater Miami is holding its own among premier destination competitors. If the City of Miami Beach were to fund its own convention and visitor bureau with the dollars it currently contributes to the regional CVB effort, its competitors by size of budget would be those presented in **Table III-2**. Two rankings for Miami Beach are shown: one assuming \$5 million in resort tax proceeds alone is used to fund the City’s tourism promotion effort; and another at \$6 million assuming the City were able to leverage a 20 percent larger budget through cooperation with private partners. Note that the City also funds the VCA, arts programs, and other programs that benefit tourists and conventioners.

**Table III-2: Competitors in the CVB
Budget Size \$4-7 Million**

	Millions
Seattle/King County	\$6-7
Charlotte	\$6-7
Palm Beach County	\$6-7
Milwaukee	\$6-7
Anchorage	\$6-7
Tampa	\$6-7
Branson Lakes	\$6-7
Miami Beach (with 20% leverage)	\$6.0
Portland OR	\$5-6
Albuquerque	\$5-6
Cincinnati	\$5-6
Columbus OH	\$5-6
Louisville/Jefferson County KY	\$5-6
Austin	\$5-6
Irving TX	\$5-6
Scottsdale	\$5-6
Miami Beach (public funds alone)	\$5.0
Tucson	\$4-5
Fort Worth	\$4-5
South Walton, FL	\$4-5
Birmingham	\$4-5

Source: 2001 IACVB Foundation Survey.

Should the City of Miami Beach pull out of the Greater Miami CVB using the same dollars to fund their own effort, Miami Beach would be competing with a peer group of destinations that have much less cachet, and the voice of Miami Beach in the marketplace would be less audible. If the loss of City of Miami Beach dollars were not recouped from other sources, Greater Miami would similarly drop in its ability to get its message out to prospective visitors. The Greater Miami area has a larger presence in the national and international marketplaces when the resources of the City and the rest of the region are combined.

The primary indicator of the size of the job a CVB has to do is the number of hotel rooms in the bureau's jurisdiction that need to be filled on an ongoing basis. As can be seen in **Table III-3**, the Greater Miami metropolitan area has a hotel room inventory similar in scale to such other major metro areas as San Diego, Phoenix, and Dallas. In contrast, the City of Miami Beach alone is in the same league as Tampa, Albuquerque, and Austin.

Table III-3: Comparing CVBs Nationally by Similar Room Count

Destination	Sleeping Room Count
Los Angeles	110,140
Orlando/Orange County	102,412
Atlanta	88,000
Chicago	81,000
Washington, DC	64,935
Phoenix	51,000
San Diego	50,784
Miami 99-00 actual	49,000
Dallas	47,834
Salt Lake City	37,458
Denver	36,019
Detroit	33,469
San Francisco	33,000
Nashville	31,000
Kissimmee/St. Cloud	26,434
Philadelphia	25,016
Kansas City, MO	24,225
Cincinnati	22,879
Branson Lakes	22,500
Boston	21,700
Austin	21,198
Tampa	18,984
City of Miami Beach	18,500
Albuquerque	17,000
Tucson	15,350
Palm Beach County	15,293
Louisville/Jefferson County KY	14,031

Source: 2001 IACVB Foundation Survey.

The fourth indicator of CVB comparability is spending per room, calculated by the consulting team by dividing the total CVB budget reported in the IACVB 2001 Survey by the room count at the time. Destinations with fewer than 10,000 rooms were excluded from the analysis, as well as Los Angeles with over 110,000 rooms. (A significant number of hotel rooms in the greater Los Angeles metropolitan area do not relate to the tourism market). The budgets of individual bureaus have not been reported to preserve the confidentiality of the IACVB survey. The result is presented in **Table III-4**.

Table III-4: Comparison by the Spending Per Room for U.S. CVBs with Approximately 10,000 to 100,000 Hotel Rooms to Fill

Destination	Spending Per Room
Kissimmee/St. Cloud	\$824
Baltimore	\$534
Boston	\$533
Irving TX	\$514
Milwaukee	\$492
San Francisco	\$478
Palm Beach County	\$430
Fort Worth	\$413
Louisville/Jefferson Co., KY	\$401
Detroit	\$396
Scottsdale	\$387
Miami 99-00 actual	\$377
Philadelphia	\$367
San Diego	\$350
Albuquerque	\$335
Dallas	\$337
Orlando/Orange County	\$331
Tampa	\$326
Miami Beach (with 20% leverage)	\$324
Tucson	\$313
Kansas City, MO	\$296
Birmingham	\$294
Nashville	\$286
Miami Beach (public funds alone)	\$270
Branson Lakes	\$267
Austin	\$265
Minneapolis	\$263
Cincinnati	\$247
Portland OR	\$236
Charlotte	\$240
Seattle/King County	\$238

Salt Lake City	\$226
Atlanta	\$206
Denver	\$201
Phoenix	\$200
Washington, DC	\$145
Chicago	\$130

Source: 2001 IACVB Foundation CVB Financial Survey; Tourism Development Associates 2003.

Kissimmee/St. Cloud is somewhat of an aberration due to the influence of Disney, creating a budget disproportionately large compared to the number of hotel rooms in the immediate vicinity. At \$377 per room, the Greater Miami CVB has been spending more to promote all hotel rooms in the region, including those in Miami Beach, than \$5 million or \$6 million budgets would be able to produce for the City of Miami Beach alone.

It is important to note that no value judgment has been attached to these numbers. There are many factors that influence how much a destination might spend on attracting visitors; i.e. value of tourism to the local economy, attractiveness of the destination, number of markets in which a destination promotes, relative expense of those media markets, competitive destinations, etc.

Table III-5 presents a similar analysis for just the CVBs from Florida that participated in the IACVB survey.

**Table III-5: Comparing The Range Of Spending Per Hotel Room
In Bureaus In Florida**

Destination	Sleeping Room Count	Budget	Spending Per Room
Kissimmee/St. Cloud	26,434	\$21,780,000	\$824
South Walton, FL	7,785	\$4,500,000	\$578
Palm Beach County	15,293	\$6,580,000	\$430
Miami 99-00 actual	49,000	\$18,497,000	\$377
Orlando/Orange County	102,412	\$33,921,000	\$331
Tampa	18,984	\$6,180,000	\$326
Miami Beach(w/ 20%)	18,500	\$6,000,000	\$324
Miami Beach(public funds)	18,500	\$5,000,000	\$270

Source: 2001 IACVB Foundation CVB Financial Survey Tourism Development Associates 2003

Profiling the Greater Miami Convention and Visitors Bureau

In a comparative analysis of the Greater Miami Convention and Visitors Bureau, compared with other large convention and visitor bureaus with budgets in excess of \$10 million annually, the following charts are presented for data comparable to that collected in the 2001 IACVB industry survey. The consultant team also reviewed the similar data for prior years that had been collected for the 1999 Blue Ribbon Committee.

- Organization Profile
- Accounting Treatment and Policies
- Funding
- Line Item Expenses

**Table III-6: Organization Profile
CVBs with Budgets \$10,000,000 and Higher**

	Count of CVBs Surveyed	Percent or Number	Greater Miami CVB in 1999-00
Organization Structure			
Independent 501 (c) (6)	12	66.7%	yes
City agency	2	11.1%	no
County agency	4	22.2%	no
Number of Years in Operation (median)	18	43	18
Ending Month of Fiscal Year			
June	9	47.4%	no
September	3	15.8%	yes
December	7	36.8%	no
Total Gross Revenue for Recent Fiscal Year	16	\$27,047,602	\$18,497,000
	15	(\$17,691,000 excluding Las Vegas)	
Board of Directors (median)			
Number of Voting Board Members	17	32	67
Number of Individuals on Executive Committee	13	9	21
Bylaws Specify the	11	64.7%	Yes; modified by

Composition of Board			interlocal agreements
Number of Employees on Staff (Median)			
Full Time	19	73.0	68
Regularly Scheduled Part-Time	15	10.0	0
Full-Time Equivalent Employees	19	81.5	64*
Part-Time On-call Staff	14	142.5	0
Out-Of-Town/Satellite Offices			
Have Out of Town Offices	16	84.2%	yes
Washington, D.C.	15		yes
Chicago	11		no
London	7		In-market rep only
Germany	3		yes
New York	3		yes
Los Angeles	1		no
Mexico	3		In-market rep only
Tokyo	4		no
Other	8		In-market rep only
Have Additional Corporations	5	27.8%	Visitor Industry Human Resources Council
Membership			
Have members	14	73.7%	yes
Number of members	14	1,331	1,100
% of Members Represented by:			
Lodging	14	19.5%	20.4%
Restaurants	14	17.4%	8.5%
Retail	14	7.2%	5.0%
Convention Services/Suppliers	14	27.4%	28.8%
Other	13	30.7%	37.3%

* FTE is lower than Full-Time due to unfilled positions.

Source: IACVB 2001 Used with permission.

As can be seen in **Table III-6**, the Greater Miami Bureau is typical of other large bureaus in its organizational structure as a 501 (c)(6), its size of total budget (within five percent of the average for this group if Las Vegas is excluded), and its number of members (at about 17 percent below the average).

Table III-7 presents accounting policies of large bureaus and those of the Greater Miami Bureau. The Greater Miami Bureau follows accounting practices that are consistent with those of the majority of other large bureaus in the U.S.

**Table III-7: Accounting Treatment and Policies
CVBs with Budgets Higher than \$10,000,000**

	Number of Respondents	Average	Greater Miami CVB
Treatment of Membership Dues			
Monthly Financials			
Cash	3	21.4%	no
Accrual	11	78.6%	yes
Year-End Internal Management Financials			
Cash	3	21.4%	no
Accrual	11	78.6%	yes
Year End Audit Financials			
Cash	2	14.3%	no
Accrual	12	85.7%	yes
Reserve Policy			
Have a Formal Reserve Policy	11	61.1%	yes
Reserve Policy Tied to:			
Cash	2	16.7%	no
Total Budget	3	25.0%	no
Net Asset/Fund Balance	2	16.7%	no
Combination	4	33.3%	no
Other	1	8.3%	yes
Designated Reserve Amount (%)	6	17.0%	16.7%
			\$900,000
Financial Record-Keeping			
Have an Annual Audit	19	100%	yes
Done by National Firm	9	47.4%	yes
Done by Local Firm	10	52.6%	no
Internal Accounting is Outsourced	0	0.0%	no
Contributed (Non-cash) Services			
Track Contributed Services	12	75%	yes

Internally reported			
Book	6	50%	yes
Footnote	3	25%	no
Neither	3	25%	no
Externally Reported:			
Book	8	66.7%	yes
Footnote	3	25.0%	no
Neither	1	8.3%	no

Event Revenue and Expense

Internal and External			
Net Rev-Exp/event	2	11.8%	no
Gross-Rev + Exp separately	15	88.2%	yes

Printed Collateral Material

Charge to One Department	11	57.9%	yes
Allocate to Multiple Depts	8	42.1%	no
Charged Monthly	7	87.5%	yes
Charged Year-End	0	0	no
Charged Other	1	12.5%	no
Use Outside Publisher	17	89.5%	yes
Publisher Rev/Exp Net	4	33.3%	yes
Publisher Rev/Exp Gross	8	66.7%	no

Hotel Rooms

Within Primary Funding City/County	19	37,596	49,000
Special Tax Rate for Restaurant Dining	2	1%	2%

Source: IACVB 2001 Used with permission, and GMCVB.

Table III-8 presents typical funding patterns for large bureaus, along with that for Greater Miami. It was suggested in an interview conducted by the ERA team at the outset of the study that a CVB should raise all its funds privately. This is not the model in use either in the U.S. or internationally. Most CVBs are a true public-private partnership and rely on a combination of public and private funds for their operations. In CVBs with budgets over \$10,000,000, 95% receive room tax and 74% receive membership dues. For these large bureaus, public funding as a percent of the budget ranged from a low of 49% to a high of 100% with the median being 76% (half below/half above). The Greater Miami CVB was at 82% for the comparable year.

Table III-8: Funding for CVBs with Budgets of \$10,000,000 and Higher

	Number of Respondents	Average	Greater Miami CVB
Funding Sources			
Total Public Sources Funding	19	\$18,741,504	\$15,237,181
Percent of Total Funding	19	72%*	82%
Total Private Sources Funding	19	\$6,446,467	\$3,260,377
Percent of Total Funding	19	28%	18%
Total Funding	19	\$25,187,972	\$18,497,558
Funding from Public Sources			
<u>Room Tax:</u>			
Number Who Receive	18		yes
Percent Who Receive	94.7%		
Average Amount Rec'd	\$17,958,006		\$11,297,452 Resort Tax
<u>Restaurant Tax:</u>			
Number Who Receive	2		yes
Percent Who Receive	10.5%		
Average Amount Rec'd	\$2,080,492		\$3,939,729
<u>General City Tax</u>			
Number Who Receive	1		no
Percent Who Receive	5.3%		
Average Amount Rec'd	\$6,043,325		
<u>Other Primary City/County Funding</u>			
Number Who Receive	1		no
Percent Who Receive	5.3%		
Average Amount Rec'd	\$250,000		
<u>Secondary City Funding</u>			
Number Who Receive	2		no
Percent Who Receive	10.5%		
Average Amount Rec'd	\$3,306,666		
<u>Other Public Funding</u>			
Number Who Receive	11		yes
Percent Who Receive	57.9%		
Average Amount Rec'd	\$1,434,257		\$0

Funding From Private Sources

Membership Dues

Number Who Receive	14	yes
Percent Who Receive	73.7%	
Average Amount Received	\$1,338,424	\$1,138,223

Print Advertising

Number Who Receive	12	yes
Percent Who Receive	63.2%	
Average Amount Rec'd	\$820,843	

Web Site Advertising/Links

Number Who Receive	7	Yes
Percent Who Receive	36.8%	
Average Amount Rec'd	\$197,904	\$0

Cooperative Advertising

Number Who Receive	8	yes
Percent Who Receive	41.1%	
Average Amount Rec'd	\$1,471,633	\$570,935

Promotional Participation

Number Who Receive	14	yes
Percent Who Receive	73.7%	
Average Amount Rec'd	\$521,259	\$440,087

Event Hosting

Number Who Receive	10	no
Percent Who Receive	52.6%	
Average Amount Rec'd	\$369,559	

Publication Sales

Number Who Receive	5	no
Percent Who Receive	26.3%	
Average Amount Rec'd	\$29,284	

Merchandise Sales

Number Who Receive	5	planned
Percent Who Receive	26.3%	
Average Amount Rec'd	\$43,002	

E-Commerce Merchandise Sales

Number Who Receive	1	no
Percent Who Receive	5.3%	

Average Amount Rec'd	\$72,255	
<u>Ticket Sales</u>		
Number Who Receive	4	no
Percent Who Receive	21.1%	
Average Amount Rec'd	\$1,051,675	
<u>Service Fees</u>		
Number Who Receive	10	no
Percent Who Receive	52.6%	
Average Amount Rec'd	\$330,116	
<u>Convention Registration</u>		
Number Who Receive	6	yes
Percent Who Receive	31.6%	
Average Amount Rec'd	\$407,755	\$285,345
<u>Registrar Assistance</u>		
Number Who Receive	7	no
Percent Who Receive	36.8%	
Average Amount Rec'd	\$673,363	
<u>Convention Services</u>		
Number Who Receive	5	no
Percent Who Receive	26.3%	
Average Amount Rec'd	\$116,443	
<u>Building Revenue</u>		
Number Who Receive	5	no
Percent Who Receive	26.3%	
Average Amount Rec'd	\$5,939,846	
<u>Contributed (Non-Cash) Services</u>		
Number Who Receive	8	yes
Percent Who Receive	42.1%	
Average Amount Rec'd	\$1,408,138	\$658,233
<u>Interest and Other</u>		
Number Who Receive	18	yes
Percent Who Receive	94.7%	
Average Amount Rec'd **	\$727,503	\$167,554

* Note: of 19 CVBs with funding over \$10 million, the median was 76% with the range from 49%-100%.

** Note: the \$727,500 average for 18 CVBs includes significant "Other" revenue and is not directly comparable with the \$167,500 GMCVB statistic.

Source: IACVB 2001 Used with permission, and GMCVB.

Table III-9 presents a comparison of the typical use of bureau budgets. The Greater Miami CVB spends proportionately less on personnel and more on direct promotion than the average for large bureaus.

**Table III-9: Line Item Expenses
CVBs with Budgets of \$10,000,000 and Higher**

	Number of Respondents	Average	Greater Miami CVB
Personnel Costs			
Total Personnel Costs (%)	17	31.6%	26.6%
Total Personnel Costs (\$)	18	\$6,151,581	\$4,908,094
Direct Promotion			
Total Direct Promotion (%)	17	50.8%	54.3%
Total Direct Promotion (\$)	18	\$10,476,335	\$10,019,320
Other Expenses			
Total Other Expenses (%)	17	15.8%	19.1%*
Total Other Expenses (\$)	18	<u>\$2,767,390</u>	<u>\$3,530,917</u>
Total Line Item Expenses (%)	17	100.0%	100.0%
Total Line Item Expenses (\$)	18	\$19,735,699	18,458,331

* Note: Other expenses included interlocals and allowances for bad debt.

Source: IACVB 2001 Used with permission, and GMCVB.

Greater Miami Compared with Seven Major Destinations

In addition to benchmarking the GMCVB against statistical averages of large bureaus, the ERA/TDA team has also compared the GMCVB with seven other bureaus with one or more comparable or competitive characteristics with the Greater Miami area. **Table III-10** presents a summary of the organization and structure of each CVB. The GMCVB is a relatively young bureau, runs with a relatively lean staff, and has a relatively large board, but is otherwise in the mid range of this set of peer CVBs.

Table III-10
ORGANIZATION AND STRUCTURE

	Greater Miami	Atlanta	Dallas	Los Angeles	New Orleans	Orlando/ Orange Co.	San Diego	San Francisco
Organization Structure	501(c)(6)	501(c)(6)	501(c)(6)	501(c)(6)	501(c)(6)	501(c)(6)	501(c)(6)	501(c)(6)
Years in Operation	18	88	44	24	36	17	47	92
Total Gross Revenue (Mil)	\$18.5	\$13.3	\$14.4	\$28.6	\$10.9	\$33.9	\$17.8	\$15.8
Board of Directors								
No. Voting Board Members	67	95	33	30	16	26	39	54
No. Individuals on Exec. Cmte	21	27	12	9		8		11
Bylaws Specify Composition	Yes ¹	No	Yes	No	No	Yes	Yes	No
No. Employees on Staff								
Full-Time	68	78	86	100	78	142	97	73
FTE	64 ²	84	87	110	79	154.5	99	81.5
Satellite Offices	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Additional Corporations	Yes ³	Yes	No	No	Yes	No	No	No
Membership								
No. Members	1,100	1,500	1,055	2,400	1,280	1,523	1,708	2,085

¹ Interlocal agreements have added Board members.

² FTE is less than Full-Time due to unfilled positions.

³ Visitor Industry Human Resources Council.

Source: IACVB 2001; with permission and interviews with individual bureaus, and FY 1999-00 for GMCVB.

In all of the CVBs examined, the majority of funding comes from public sources (see **Table III-11**). By the accounting presented below, the GMCVB is at the bottom of the peer group in terms of private participation. Accounting for private funding, however, is complicated by the fact that some private participation in tourism promotion activities takes the form of in-kind services or is provided through partnership agreements.

Table III-11
COMPARISON OF PUBLIC AND PRIVATE FUNDING

	Greater Miami	Atlanta	Dallas	Los Angeles	New Orleans	Orlando/ Orange Co.	San Diego	San Francisco
Public Funding								
Room Tax		65%	74%	53%	67%	56%	75%	54%
Restaurant Tax					12%			
Other Public Funding				0%	2%		1%	2%
Total Public Funding	82%	65%	74%	53%	81%	56%	76%	56%
Total Public Funding (\$)	\$15.2	\$8.7	\$12.0	\$15.2	\$8.9	\$19.0	\$13.6	\$8.8
Private Funding								
Total Private	18%	35%	26%	47%	19%	44%	24%	44%
Total Private Funding (\$)	\$3.3	\$4.6	\$4.1	\$13.4	\$2.1	\$14.9	\$4.2	\$6.9
Total Funding	\$18.5	\$13.3	\$16.1	\$28.6	\$11.0	\$33.9	\$17.8	\$15.7

Source: IACVB 2001; with permission and interviews with individual bureaus, and FY 1999-00 for GMCVB.

In looking at where the money gets spent in **Table III-12**, the GMCVB has one of the highest percentages devoted to direct promotion, and has the lowest percentage spent on payroll (which is consistent with the finding that the GMCVB has one of the smallest staff sizes).

Table III-12
COMPARISON OF EXPENSES
(Dollar Amounts in \$ Millions)

	Greater Miami	Atlanta	Dallas	Los Angeles	New Orleans	Orlando/ Orange Co.	San Diego	San Francisco
Subtotal Payroll and Related								
Total Payroll Costs (%)	27%	40%	38%	23%	54%	28%	35%	40%
Total Payroll Costs	\$4.9	\$5.3	\$6.5	\$6.5	\$5.1	\$9.3	\$6.2	\$6.3
Direct Promotion								
Total Direct Promotion (%)	54%	45%	42%	53%	28%	64%	51%	44%
Total Direct Promotion	\$10.0	\$6.0	\$7.2	\$15.1	\$2.7	\$20.9	\$9.0	\$6.8
Other Expenses								
Other (%)	19%	15%	20%	13%	18%	8%	14%	16%
Other Expenses	\$3.5	\$2.0	\$3.4	\$3.8	\$1.7	\$2.6	\$2.5	\$2.5
Total Expenses	\$18.5	\$13.2	\$17.0	\$28.5	\$9.5	\$32.8	\$17.7	\$15.6

Source: IACVB 2001; with permission and interviews with individual bureaus, and FY 1999-00 for GMCVB.

SECTION IV: ANALYSIS OF ISSUES

Introduction

A number of issues and questions were raised by the City of Miami Beach in their Request for Proposals from consultants to assess the structure of the Greater Miami Convention and Visitors Bureau and its relationship to the City. Additional issues and questions were raised during the stakeholder interviews conducted by the ERA/TDA consulting team. This section of the report presents an analysis of issues.

The goal of this study is to review and assess structural issues, and to recommend the optimal structure for promoting Miami Beach's most important industry, tourism and convention business.

- Part of the review tasks require an understanding of the market context for Miami Beach and Greater Miami, but this study is not a market assessment.
- The assessment of structural issues involves some investigations similar to those required for an audit of the Bureau, but this study is not a Bureau audit.
- Some forward-looking recommendations from this study address long run strategic issues, but this is not a strategic plan.

A market assessment was prepared by the ERA/TDA team under a separate contract with the GMCVB and is submitted under separate cover. The Bureau is also funding preparation of a Strategic Plan that is ongoing at this time.

The issues analyzed below are interrelated. An attempt has been made to organize the discussion starting with the most general issues, and become more specific after covering basic groundwork. However, the ordering of issues is somewhat arbitrary and does not necessarily imply priority or importance. For each issue below, findings of the consultant team from our interviews and research are first presented, followed by a general discussion that further defines the issue and describes considerations. Recommendations from the consultant team are then presented. The most important findings and recommendations have been summarized at the end of the section (and repeated in the Executive Summary in Section I).

Perhaps the most general issue of all is why a community should seek to promote a tourism industry in the first place. Analysis of this fundamental but basic issue has been moved to Appendix A, for those seeking further understanding of how the tourism industry works.

Issue: If No Marketing Structure Existed in the Region, What Would be the Optimal Model?**Findings**

The question is being asked, if we had it all to do over again (i.e., if we had no marketing and promotion CVB in place) would we structure an optimal marketing program the same way?

Discussion

Absent any existing institutions or organizational structures, the City of Miami Beach could market and promote their city and beaches to visitors through a variety of mechanisms:

1. Marketing could be left entirely to the private sector, with hotels, commercial attractions and other visitor serving businesses each marketing their own businesses. Public resort tax proceeds could be used entirely to provide municipal services to visitors.
2. The City could form a municipal department to conduct marketing and promotion, funded by a portion of the resort tax.
3. The City could issue an RFP and hire an advertising firm.
4. The City could form a public/private partnership including businesses within the City limits to jointly promote the features of Miami Beach.
5. The City could join with other governmental entities in the area that stand to benefit from enhanced visitation to form a special purpose regional governmental agency.
6. The City could join with other governmental entities and businesses in the area to form a region-wide public/private partnership to conduct marketing and promotion. (This is the regional CVB model.)
7. In most of these instances, the City could contract with either profit-making or not-for-profit businesses to conduct advertising, promotion, and other marketing activities.

Leaving all marketing entirely to individual private businesses, as suggested in No. 1 above, would render the destination uncompetitive in the national marketplace against more organized destinations (e.g., Orlando, New Orleans, etc.). Having the City form a municipal division or department to undertake some tourism industry development functions as suggested in No. 2 above is recommended below by the consultants, but only as a supplement to other regional marketing and promotion efforts.

Advertising is one of the functions employed by a full service Bureau when marketing for both leisure and convention visitors, and is generally provided by recruitment and retention of a separate advertising firm. An alternative marketing model for the City mentioned as No. 3 above would be to solicit and directly retain an advertising firm to promote Miami Beach. Advertising is only one of many required marketing functions, however, and a contract with an advertising firm would have to be augmented by substantial investment by the City in other outside vendors or in-house capabilities to perform additional necessary services such as: provide business leads to lodging properties; coordinate the local business community to prepare bids/proposals for multi-property meetings and events; conduct meeting planner site inspections for prospective groups; staff a visitor information center; conduct familiarization tours; create special interest niche promotions; synergistically coordinate marketing efforts with those of other industry elements within the region; conduct long range strategic planning; promote the tourism industry to the host community through education and special outreach programs; and a wide variety of other critical functions. The consultants do not recommend using an RFP process to hire an advertising firm, because such a firm would not be able to perform the full range of services needed. The optimal model is to form a public-private partnership of regional scope to perform these functions, including the use of an advertising firm.

In most destinations convention and visitors bureaus have evolved as public-private partnerships, because such arrangements are in the interests of both partners. Because tourism is a highly competitive and fast moving business, methods for success are necessarily different than methods for success in the public sector. Governments must move deliberately and with great transparency, and thus tend to move relatively slowly. Successful competition precludes complete transparency and requires destinations to be flexible and fast moving in their marketing and promotion activities. For these reasons and many others, governments generally find it highly advantageous to have a private entity be their lead partner in destination marketing (rather than forming a regional government entity as suggested in No. 5). Nonprofit status for this private entity makes it a more palatable recipient for public funding (see No. 7 above). At the same time, governments must recognize that they are dealing with a private entities and not governmental departments. An independent governing board of the promotion entity makes decisions and policies.

There are also two fundamental forms of visitation to consider:

- Leisure (often called “tourism” in the industry), and
- Convention.

The vast majority of destinations combine marketing for the two functions, under the purview of a single entity. There are excellent reasons to have one organization do both pieces:

- The marketing effort to promote a destination is synergistic and consistent with promoting to the planners who want to select destinations that are appealing to attendees.
- There is no duplication of administration.
- There is no duplication of effort that must take place to solicit meeting and event planners and service the individual attendees.

In the specific case of the Greater Miami area, the “tourism product” for both conventions and leisure is integrated at a regional level with the airport, the convention center, commercial attractions, the natural environment (e.g., beaches), dining and accommodations all being necessary parts of the whole. Within this regional context, a regional public-private partnership will be more effective than an individual city effort as suggested in No. 4. The consultant team has also found in almost every interview with industry professionals that the Miami and Miami Beach tourism industry is supportive of a regional convention and visitor’s bureau model.

Optimal Model for Marketing Leisure/Tourism. Absent any existing structure, the optimal model for the greater Miami area would be to have the individual communities of interest (e.g., separate municipalities, hotels and other commercial interests) band together to provide a regional marketing organization to influence leisure travelers in selecting the destination. Individual cities and commercial interests also have responsibilities for marketing and promotion to increase their own capture of tourists attracted to the destination. In concept, the GMCVB in the greater Miami area is consistent with the optimal model.

Optimal Model for Marketing Conventions. In today’s highly competitive market, a national scale convention business requires a cohesive package that includes: large and high-quality meeting and exhibition facilities; one or more headquarter hotels; additional hotels with a willingness to “block” rooms; a major airport; seamless ground transportation between airport, hotels and the convention center; interesting offsite event venues; and casual dining and entertainment opportunities. The greater Miami convention package is spread among multiple political jurisdictions. Absent any existing structure, the optimal model for the greater Miami area would be to have the individual communities band together to provide a regional marketing organization to influence meeting and event planners when selecting a destination. Individual hotels and their host communities also have responsibilities to promote their features to increase their own capture of conventioners. In concept, the GMCVB in the Greater Miami area is consistent with the optimal model.

Summary of Justification for a Regional Bureau Model

The key reasons to use a marketing structure based on a regional public/private partnership administered by a private, non-profit organization include:

1. Any one community in the Greater Miami area, including the City of Miami Beach, would be an incomplete destination in and of itself. The complete destination package includes the airport; hotels; natural resources (e.g., beaches and Everglades); man-made attractions; restaurant, retail, and entertainment concentrations; the convention center; the cruise ship port; and regional ground transportation infrastructure.
2. The convention industry especially utilizes facilities in multiple jurisdictions in the Greater Miami area. There are great synergies in marketing leisure travel and convention travel using the same organization. Such a cost effective combination can best take advantage of the desire of conventioners to travel to popular leisure destinations, and recognizes that each conventioner is also a potential pre- and post-meeting leisure traveler.
3. Compared with a governmental entity, even a special purpose regional governmental agency, a private, non-profit organization can conduct routine marketing activities more competitively, respond faster to changing market conditions, and better incentivize a sales staff.

Recommendations

Although the consultant team considered other options for a structure for promotion of conventions and leisure tourism for Miami Beach, at a conceptual level there was no compelling reason to change from the current regional model.

- The City should remain a key stakeholder in the Greater Miami Convention & Visitors Bureau.
- In addition, the City should develop and expand their individual community efforts which collaborate synergistically with the GMCVB.

Issue: Identity and Brand -- Miami Beach, Greater Miami, Miami and the Beaches, South Florida

Findings

The ERA/TDA Team has found community identity to be an underlying issue related to this study. Miami Beach citizens see Miami Beach, and especially South Beach, as the reason that visitors come to Greater Miami and the defining image of the region. Regional residents are clearly aware of the difference between Miami, Miami Beach, Bal Harbour, Miami-Dade, etc. but it is common for people “at a distance” to confuse Miami Beach with Miami. Miami Beach residents would prefer to see the Miami Beach name used more prominently in the GMCVB’s marketing efforts.

Miami Beach has worked hard to grow its way out of the doldrums of the 1970s and 1980s, and wants to be recognized as a separate entity and to be recognized for the differences that make Miami Beach an attractive destination. It is understandable that Miami Beach residents with pride in their community would adopt this viewpoint.

Discussion

The issue as it relates to Miami Beach as a tourism destination, however, is more complex. Visitors rarely make a distinction between governmental jurisdictions. The greater distance a visitor is traveling, the more the brand name may change; from South Beach to Miami Beach to Miami to South Florida to Florida. International visitors may even say they are “going to the U.S” when they intend to vacation in Miami Beach. All of these names have brand value and the brand that should be used should change depending on the target market. The name that should be used is the one that research shows is the most effective in the market in which it is being used. (For example, a trade show in Berlin may have pictures of South Beach in Greater Miami information in a Florida section of the U.S sales area). It’s important to understand that it doesn’t have to be either Miami OR Miami Beach; it can be Miami AND Miami Beach. The true competition is the rest of the world beyond the Miami region.

Because of its unique and memorable brand and the lack of geographic awareness by visitors and prospective visitors, there will always be an assumption in the mind of many that Miami Beach is the “beach part” of Miami. Visitors looking for a restaurant are unaware of city lines. The confusion is built into the name. While local residents may be intensely aware of the political boundaries between communities, the typical visitor is not aware, and frankly does not care. Although the image is typically Miami Beach, often more specifically South Beach, at the international and national scale the brand identity for the region is “Miami.”

Recommendations

- 1) Under the nationally and internationally recognized brand name of “Miami,” join enthusiastically in the regional marketing effort to make it as effective as possible in attracting visitors to the regional destination. Miami Beach hotels, restaurants and attractions will also do their part in attracting them to Miami Beach and their sites. Just as these individual components compete fiercely with each other to attract the visitor to their restaurant, hotel, etc., they first join together with their regional competitors to bring the visitors to the area. Unless that regional effort is successful, they will have few visitors to compete for. Once a prospective visitor has made the decision to come to the Miami area, the City of Miami Beach and its businesses can compete against the others for the heart, soul and pocketbook of the visitor.
- 2) Once the visitor has set down his suitcase in the region, now the City of Miami Beach has the opportunity to offer the best beach, attractions, shopping,

- restaurants, clubs, museums and galleries, special events, sports, activities, as well as the prettiest, cleanest, and safest streets, the best wayfinding signage, the easiest transportation and parking.
- 3) Actively support and participate in the marketing promotional programs of the GMCVB to ensure that the City of Miami Beach is well represented. At the same time, recognize that promotion of attractions outside of the City of Miami Beach are an asset to the CMB by making the whole destination more attractive.
 - 4) The City of Miami Beach can and should provide an umbrella to cross promote cultural activities, fairs, festivals, seasonal celebrations, filming and special events to residents, visitors and day-trippers. A wide variety of special events will have a promotional vehicle and clearinghouse in which to enhance their attendance and economic viability. Residents and visitors will have a comprehensive calendar of events featuring the multitude of activities available in the region. This will once again string together a “mass” of activities creating compelling reasons to visit or tour throughout the region.
 - 5) The City of Miami Beach should focus energy on continually refreshing and renewing the destination of CMB with new attractions and new tourism infrastructure. This will keep Miami Beach a strong destination when the trend moves to the next hot spot.
 - 6) The citizens in the city of Miami Beach need to realize that at an international scale (representing roughly half their business), and in the majority of the national market as well, the brand identity for their destination is simply “Miami.”

Issue: Communication Between the Bureau and the City

Between individuals or between organizations, poor communication can be a contributing cause of relationship problems, and improved communication can be part of the solution.

Findings

The ERA/TDA team has heard anecdotes during stakeholder interviews of communication problems that lead to misunderstandings between the City and the Bureau. At a grassroots level, there are Miami Beach citizens who do not appreciate the importance of the tourism industry to their economy, and do not appreciate the role of the Bureau in sustaining and enhancing the economic benefits of tourism. There is a lack of confidence by the City in the Bureau and a sense that the City is “not heard.” At the same time, the Bureau is frustrated, feeling they make efforts to communicate and include the City in all committees and efforts, yet they are still misunderstood. In the process, the City has set itself somewhat apart from its major private tourism industry

players, to the point that some now perceive the City as “playing politics” with their livelihood.

Misunderstandings and misgivings between bureau and host city are not unique to Miami Beach and the GMCVB. This has been a reoccurring theme in the benchmarking research at one time or another in many locations. The need for a sales organization to respond flexibly to constantly changing marketing opportunities, and the need to spend heavily on entertainment and promotion is often viewed with skepticism or even suspicion by those in public service positions. This is one of the reasons why private, non-profit bureaus have evolved to be independent of municipal governments in the first place. On the other hand, the sales organizations need to remember that some of the funding for their activities comes from public tax dollars, even if the taxes are paid by visitors and not residents.

Although some try to dismiss the difficulties between the GMCVB and the City as typical friction between a bureau and city government, the consultant team’s in-depth interviews indicate that the real and perceived dysfunction between the GMCVB and the City of Miami Beach is significant, has worsened over time, and threatens to end the relationship between them. The critical issue is how to start from this point and create a more productive structure in which all parties win.

Discussion

The benchmarking research found a variety of models within the tourism industry for how communication issues are dealt with in other cities. Most bureaus have some form of Public Affairs or Community Relations Committee at the board level. As well as monitoring the effectiveness of staff community relations efforts, these key board members, sometimes augmented by members of the Executive Committee, will cultivate relationships with other business leaders and with members of the local legislative body to further understanding of the importance of bureau activities.

A relevant example can be drawn from the experience in Los Angeles. At one time the bureau had close relationships with one or more members of the Los Angeles City Council. The bureau’s interests were maintained directly by the communication between board members and individual city councilpersons, and mid-level staff of the bureau could maintain a routine public relations program. This informal structure depended on personalities and personal relationships at the board-council level. As the composition of the council changed over time, however, newer council members were less familiar with bureau objectives. Los Angeles found it had to create a much stronger structure at the staff level to ensure public relations were handled adequately, even as personalities changed within the structure. An executive position at the senior vice president level was created to oversee all public affairs activities. The bureau in San Francisco has also utilized this staff structure, placing community affairs at the executive level, and has enjoyed relatively good relations with its constituent communities of interest as a result.

Recommendations

The goal of the consultants in formulating recommendations for this issue is to create an optimal structure of positions and responsibilities that transcends the personalities who may happen to be in place within those positions at any given point in time, so that the effectiveness of communication at all levels will be maximized. Both the Bureau and the City need high-level staff to facilitate future communication.

On the Bureau side, a new executive level position should be created with a title such as “Senior Vice President of Public Affairs” or of “Community Relations.” Existing functions of membership, media relations, and other existing staff could be reorganized to report to this executive. This new division should be responsible for cultivating a positive view towards the tourism and convention industries among the residents of Greater Miami, maintaining and growing the Bureau’s membership within the business community, and fostering relationships with the many governmental entities in the Greater Miami area, including the City of Miami Beach. These functions are currently diffused within divisions of the Bureau that are simultaneously pursuing multiple missions, and too much of the communication load has been pushed up to the CEO, who also has many other duties to attend to.

On the City side, until recently there has not been a senior level professional on staff with a sole focus on the tourism industry. The City’s attempt to foster communication by demanding more representation on the Board and Executive Committee has not completely solved the problem. Too much of the communication load has been pushed up to the City Manager, who has many other duties to attend to. The City has hired a tourism professional who should be the City’s “point person” in dealings not only with the Bureau, but with the Miami Beach tourism and convention industry in general.

In a cooperative effort, the City of Miami Beach’s designated tourism person should become a key part of the GMCVB team, from research, analysis, and planning sessions to implementation. This relationship should not be a “making a report” relationship, but rather a “let’s figure out how to do this together” relationship. It’s important for both parties to recognize that tourism is the lynchpin of the Miami Beach economy, not simply “an important part”. Therefore, the success of the GMCVB is critical to the City of Miami Beach. Furthermore, it should not be surprising that the City of Miami Beach has become the most concerned and involved partner among the Greater Miami entities that support the GMCVB.

Issue: Strategic Plan

The Bureau’s lack of a stakeholder approved Strategic Plan is a key contributor to communication problems. The Bureau has a printed and Board-approved Program of Work that outlines the marketing program, and this type of Program of Work is commonly used by many bureaus in lieu of a Strategic Plan. However, in the context of the current relationship, the GMCVB needs to have a Strategic Plan that includes:

- Agreement on goals and objectives.
- An awareness of market opportunities and constraints.
- Administration/organization.
- Product Development (While the Bureau may not budget specifically for product development, it is an important role for the Bureau to be a facilitator to encourage product development within its stakeholder communities.)
- Marketing.
- Community Relations.

In spite of many efforts on the part of the Bureau to be responsive to requests for information from the City, the City has been frustrated by the tardiness of the Bureau's long-term strategic planning effort. Although the Strategic Plan is now underway, the City has been calling for such a plan for over four years in order to make clear directions and priorities that would allow the City to better envision common goals and be a better partner in working with the Bureau.

General Issue: How Adequate is the Governance, Structure, Processes and Overall Operations of the Greater Miami CVB?

Discussion

Having determined the GMCVB structure represents an optimal model for marketing the greater Miami area in concept, the next area of investigation is whether it performs in practice. To provide a basic context, the ERA/TDA consultant team conducted a benchmarking analysis in Section III comparing the GMCVB with national averages for bureaus of its size, and also against seven specific peer bureaus. Additionally we identified and analyzed tourism issues that are specific to Miami Beach vis a vis the convention and visitors bureau.

This general issue is so broad, however, that it is best addressed as the following series of sub-issues:

- Bureau Governance,
- Bureau Operations and Performance Measurement Issues,
- Bureau Marketing Issues,
- Research,
- Advertising, and
- Promotion.

Issue: Bureau Governance

The consultant team found in interviews that the Bureau needs to ensure that their governance structure is well understood in the community. The structure is as follows:

- The bureau is a membership organization with over 1,000 private sector members.
- Members elect the Board with the slate going out 60 days ahead of the annual meeting.
- The Board Nominating Committee prepares the Board slate. (The City of Miami Beach provides a list of names for the Nominating Committee for its share of the slate.) Nominating Committee ensures proportionate representation.
- The Immediate Past Chair of the Board chairs the Nominating Committee.
- The Executive Committee appoints the Board Nominating Committee. If 10 percent of the membership disagrees with the Nominating Committee, then a ballot is taken. Disagreements are communicated via letter to the Board Secretary.
- The Nominating Committee selects the Executive Committee members (except for Committee Chairs).
- Committee Chairs are selected by the Board Chair and sit on the Executive Committee.
- The Bureau program of work and other issues are considered and debated by Committees and recommendations are made to the Board and Executive Committees for review and decisions. Note that, as with any committee system, an advantage of delegating substantive issues to committees is that the work load on the Executive Committee and full Board is reduced, yet at the same time a disadvantage is that from the perspective of any one member, key decisions can emerge from a committee and be ratified at the Executive Committee level without the details of the issue that led to the decision ever becoming explicit.

Discussion

Including the Executive Committee, six interlocal partners, and eight ex-officio members, the GMCVB board of directors currently has 67 members. With 67 members, the GMCVB board is more than double the average size of 32 for major bureaus, and with 21 members the Executive Committee is also more than double the average size of 9. The Atlanta bureau, which also serves a multi-jurisdictional metro area, is the extreme exception of the large bureaus with 95 board members and an executive committee of 27.

While there may be good reasons to have a large board, reducing the size would bring it more in line with national norms and could improve efficiency.

It is the responsibility of the Board of Directors to ensure:

- That the organization maintains credibility and public trust, with specific credibility of the Bureau Chair, President and key staff.
- That the governance structure fairly represents the stakeholders and operates in a manner that instills confidence in the organization.
- That the organization has a clear mission, goals and objectives and an approved plan to achieve them.
- That the organization is adequately funded.
- That the organization operates in a professional manner and within industry norms.
- That the organization achieves acceptable levels of success within the context of existing constraints and influences.
- That the key executive effectively carries out the Board directives to achieve these responsibilities.

It is the responsibility of the Bureau President to ensure core competencies and performance of key staff within the organization to achieve the overall organization mission, goals and objectives.

In the context of the last couple of contract renewals the City has required representation on the Bureau's Board and on the Executive Committee proportional to the amount of funding provided by Miami Beach. Representation should appropriately be a consistent part of the GMCVB bylaws rather than be subject to constant modification by individual contracts.¹

Despite representation, the City feels it has insufficient input in part because substantive work is done at the committee level, and at the full Board level only review and approval are discussed. The City has already taken steps to resolve this situation by hiring a tourism professional to participate with the staff and committees on a day-to-day working level.

¹ Note that the GMCVB bylaws were changed to say that whatever is specified in each agreement with the City of Miami Beach will take effect without need of further amendment to the bylaws.

Recommendations

Board Size. The Bureau board is relatively large. Reducing the size of the Board, or more importantly the Executive Committee, could possibly make Board participation more meaningful.

Governance. In the context of the last couple of contract renewals the City has negotiated increased representation on the Bureau's Board and on the Executive Committee. Miami Beach provides approximately one-third (ranging from 30 to 35 percent) of funding from the public interlocal partners, and representation on the Board and key committees is proportional to this one-third financial support. Even so, the City feels their influence over Bureau direction is still insufficient. On the one hand, the Bureau cannot cede majority control of the Bureau to a minority partner, for example functioning like a department of the City of Miami Beach, without alienating the other interlocal partners and the private contributors (both financial and in-kind) that are so essential to an effective national and international sales effort. On the other hand, Miami Beach also invests financially in the tourism industry by being the host to the majority of visitors (and bearing the General Fund cost impacts of visitation). The consultants recommend an implementation process to an optimal state would be to:

- 1) Agree to specific goals and objectives through a shared strategic planning process, and measure progress towards those goals over time;
- 2) Establish a level of Bureau funding, reserving other portions of the \$20+ million in visitor-generated funds for General Fund costs and local Miami Beach programs;
- 3) Set a long term automatic formula to provide that funding to the Bureau;
- 4) With influence in proportion to financial support participate enthusiastically in the Bureau governance process, but on a daily operating basis let the Bureau pursue its mission of marketing all of Greater Miami to the larger world; and
- 5) Enhance the tourism industry development function within the City to handle those initiatives that are of most interest at the local Miami Beach level.

Issue: GMCVB Operations and Evaluation

Findings

The GMCVB is within the norm for major bureaus in terms of:

- Organizational structure,
- Accounting practices,
- Use of satellite marketing offices,
- Size of membership, and

- Most other routine practices and features.

Compared to other bureaus with budgets over \$10 million the GMCVB:

- Runs with a relatively lean staff (64 GMCVB FTEs vs 81.5 national average),
- Spends proportionately less than the average large bureau on payroll (21.2 percent GMCVB budget vs. 31.6 percent national average), and
- Spends more than the average large bureau on direct promotion (62.4 percent of GMCVB budget vs. 50.8 percent national average).

Annual financial audits are conducted by an independent national accounting firm to ensure that funds are managed responsibly.

The GMCVB measures itself on industry standards for evaluation, which include both (a) efforts and (b) results.

- *Efforts*, which include identifying whether tasks outlined in the Program of Work, are performed, i.e. *X* number of trade shows attended, *Y* number of fam trips conducted, etc. These efforts are evaluated at the committee level and reported to the Board.
- *Results*, which include both convention results and leisure (also called tourism) results.

Specific Issue: What are Appropriate Performance Measures for the Bureau?

In general, CVBs use a variety of performance measures to measure their success. Internally, these performance measures are used to monitor the effectiveness of individual departments and the results of specific promotional efforts. CVBs are also increasingly required to report their performance to outside organizations, especially ones that provide funding or other support. However, it can be very difficult to measure the success of a CVB. Many factors can influence an area convention and tourist market, including fluctuations in the economy, national and international events, cultural trends, and competitiveness of the local tourism product. As a result, it is difficult to isolate the impact of CVB efforts and initiatives, and to determine their success. Due to regional differences, it is also difficult to compare the success of CVBs across geographic areas. Finally, many of the benefits of a CVB are difficult to measure. For example, it is often very difficult to determine the number of leisure visitors to an area, and to calculate their economic impact.

The International Association of Convention and Visitors Bureaus (IACVB) has led a multi-year effort to establish standard industry measurements that determine the effectiveness of a CVB. Some proposed measures are still being debated, and some were just approved in October of 2003. While it is very difficult to compare between bureaus,

a variety of statistics can be used to gauge a Bureau's success over time in its own market, and compared to its own stated goals. These statistics typically fall under the categories of 1) leisure market, and 2) convention market, and are discussed separately below. Following is a discussion regarding proposed equations that can be used to gauge the overall success of CVB efforts, and recommended practices.

Leisure Market

The impact of CVB efforts on leisure travel is significantly more difficult to quantify than on convention travel. For instance, although the majority of GMCVB marketing and promotion dollars go toward leisure, it is difficult to measure the success of these efforts because of the difficulty of quantifying the total number of visitors to the area and identifying what among the myriad factors that influence travel decisions made them choose Miami or Miami Beach for this trip.

Typical statistics used to gauge the relative extent of leisure travel are listed below:

- Hotel tax revenues;
- Hotel occupancy rates;
- Hotel average daily rates;
- Estimated number of visitors;
- Attendance at visitor centers and other tourist destinations such as museums, monuments and festivals;
- Estimated visitor spending;
- Estimated visitor-related jobs; and
- Website visits.

GMCVB provides comparative occupancy rates and average daily rates to their stakeholders. This information is obtained from Smith Travel research, an independent consultant.

Convention Market

The IACVB has formulated and just approved a set of standard industry definitions and recommended performance indicators for the convention industry. Once implemented nationwide, these efforts could help to improve understanding of CVB operations, and may eventually allow some comparisons between CVBs. The IACVB Convention Industry definitions are presented in **Appendix B**.

Corresponding to the “efforts” and “results” distinction drawn above, the IACVB divides these statistics into two categories: activities and performance measurements. IACVB's definitions for the two categories are described below.²

² IACVB Convention Sales Activity and Productivity Measurements, www.iacvb.org.

- Activity: A physical act in the convention sales process, e.g., attending a tradeshow, generating and sending a lead to a hotel, conducting a familiarization tour.
- Productivity Measurement: As an organizational tool, a metric that helps to define and quantify the efficiency, effectiveness and success of convention sales efforts. Implementation of this policy of metrics will yield actionable tools that the sales force and management can use for short- and long-term enhancement of the CVB's sales efforts. As an accountability measure, it functions as a means by which interested parties can determine the sales efforts' (and the CVB's) impact on resource investment.

The IACVB recommends “core” measurements for all CVBs, as well as “supplemental” measurements that can also be used to gauge performance. These measurements are listed below:

Recommended Activity Measurements:

- Number of bids
- Number of tradeshow attendees
- Number of outside sales trips
- Number of clients/potential clients visited
- Number of direct mail campaigns
- Number of familiarization tours
- Number of participants (planners only) on familiarization tours
- Number of client site inspections
- Number of telephone call reports
- Number of telemarketing campaigns

Recommended Productivity Measurements (Core):

Leads

- Number of Leads
- Lead Room Nights (estimate)

Bookings

- Hotel Events
- Number of Bookings
- Booked Room Nights (estimate)
- Booked Attendance (estimate)
- Booked Attendee Spending (estimate)

Citywide/Convention Center Events

- Number of Confirmed Bookings
- Booked Room Nights (estimate)
- Booked Attendance (estimate)
- Booked Attendee Spending (estimate)

Number of Contracted Bookings

- Booked Room Nights (estimate)
- Booked Attendance (estimate)
- Booked Attendee Spending (estimate)

Lost Opportunities

- Number of Lost Opportunities
- Reason for Lost Opportunity
- Lost Room Nights (estimate)
- Lost Attendance (estimate)
- Lost Attendee Spending (estimate)

Cancellations

- Number of Cancellations
- Reason for Cancellation
- Cancelled Room Nights (estimate)
- Cancelled Attendance (estimate)
- Cancelled Attendee Spending (estimate)

Number of Leads per Tradeshow attended by CVB sales staff*Supplemental Productivity Measurements:*

- Number of Tentatives
- Tentative Room Nights (estimated)

Overall Performance Measurements

The IACVB has proposed a formula to calculate CVB return on funding, presented in **Figure IV-1**. While this sort of measurement may be generally indicative of performance of a CVB especially over time within its own market, as discussed previously, there are significant limitations to using this sort of quantitative measurement of success to compare different bureaus.

Figure IV-1
IACVB TOTAL RETURN ON FUNDING CALCULATION

Ratio	Convention Return of Funding	+	Tourism Return on Funding	=	Total Return on Funding
Convention Return on Funding					
Ratio	Convention Promotion to Funding		Convention Return on Promotion		Convention Return on Funding
Calculation	$\frac{\text{Convention Promotion Expenditures}}{\text{Total Bureau Funding}}$	x	$\frac{\text{Dollars Spent by Convention Visitors}}{\text{Convention Promotion Expenditures}}$	=	$\frac{\text{Dollars Spent by Convention Visitors}}{\text{Total Bureau Funding}}$
Definition	Indicates how <u>efficient</u> a bureau is at utilizing tax payer dollars in promoting its destination for conventions.		Indicates how <u>effective</u> a bureau's promotional efforts are in attracting convention dollars to its community.		Indicates the amount of convention dollars generated per dollar of community funding.
Tourism Return on Funding					
Ratio	Tourism Promotion to Funding		Tourism Return on Promotion		Tourism Return on Funding
Calculation	$\frac{\text{Tourism Promotion Expenditures}}{\text{Total Bureau Funding}}$	x	$\frac{\text{Dollars Spent by Leisure Visitors}}{\text{Tourism Promotion Expenditures}}$	=	$\frac{\text{Dollars Spent by Leisure Visitors}}{\text{Total Bureau Funding}}$
Definition	Indicates how <u>efficient</u> a bureau is at utilizing tax payer dollars in promoting its destination for tourism.		Indicates how <u>effective</u> a bureau's promotional efforts are in attracting tourism dollars to its community.		Indicates the amount of tourism dollars generated per dollar of community funding.

*Promotion to Funding Ratios: The higher the value, the more efficient the bureau is at spending taxpayer money for its intended purpose.

*Return on Promotion Ratios: At a minimum, this value should equal 1. Any value less than 1 indicates that a bureau's promotional efforts are ineffective.

*Return on Funding Ratios: The higher the value, the more successful the bureau is at bringing dollars to its community.

Source: IACVB

Another measurement indicator of bureau success is private sector support both through discretionary membership dues and participation in cooperative marketing programs. Key tourism industry business support for the GMCVB demonstrates that the private sector believes the GMCVB produces results. In interviews conducted by the consultant team, verbal support for the GMCVB by the private sector was almost unanimous. However, it should also be pointed out that at 18 percent, the private funding for the GMCVB was among the lowest of the large bureaus in the IACVB survey.

Most of the performance measurements discussed on the previous pages are currently in use by the GMCVB and set in conjunction with the industry. Trends are being tracked by the GMCVB in resort tax revenues, hotel occupancy rates, hotel average daily rates, number of visitors, website visits and membership dues. The GMCVB agrees with the IACVB that performance measures initially should be measures against itself.

Discussion and Recommendations

The ERA/TDA study has focused on addressing what we believe to be the critical issues that will determine the future structure of the CMB/GMCVB relationship.

- Can the GMCVB improve any of its specific practices and efforts? The answer is the same for any organization – “of course,” and they should strive to do so.
- Does the GMCVB operate its organization within industry standards? Yes.
- Does the GMCVB operate within the norms for competitor bureaus? Yes.
- Does the GMCVB conduct a professional marketing program? Yes.
- Does the GMCVB achieve satisfactory bottom line results for ADR and occupancy? Yes, surpassing the Florida and national averages.
- Does the GMCVB hold the trust and confidence of all its key stakeholders? No. Without changing this answer to “yes,” objective and positive answers to the other questions take a backseat. The most basic responsibility of the GMCVB Board is to ensure that the organization is credible and that both the elected and appointed leaders hold the community trust.

Issue: Marketing

Destination marketing is a sophisticated and highly competitive win/lose business, but it is not a science; it uses science to improve its art. The science provides such foundations as good market research, identification and targeting of the most desirable customers, and understanding of macroeconomic trends. Even so, the art requires taking risks both creative and considered. When the risk is successful, the destination has succeeded. When the risk fails, it often is considered to be the fault of the CVB.

Yet many factors outside the control of destination marketing organizations may have great impact, i.e. airlines, terrorism, public safety issues, hospitality service issues, increased numbers of rooms may temporarily lower occupancy rates, poor business management may make some businesses do poorly, competitor destinations may increase their product appeal or their marketing, etc. Both destination success and failure is collaborative. The CVB is only one component. Nevertheless, any CVB can and should be constantly challenged and challenge itself to improve. The success of the CVB is ultimately defined by the success of the destination.

Research

Findings

GMCVB contracts with a professional research firm and has good research, done to industry standards. The research data, derived from visitor intercept surveys and other sources, are made available to stakeholders. Markets (geographic, demographic and psychographic) are selected based on research. Additional research and analysis could provide ever more specific target markets, although at some point there are diminishing returns to further investment in research.

Discussion and Recommendations

All marketing must be customer driven, therefore all marketing must be research driven in order to understand the customer. Thus it follows that a CVB can never do enough research; the reality being there are limited resources to conduct it.

The upcoming strategic plan should do an analysis of the existing research and in conjunction with the industry leaders, determine the types of research that are desired and an acceptable rotation of different studies that can be supported by the research budget. Some research must be done on a regular basis while other studies may be done intermittently. As a part of the Market Assessment, the ERA/TDA team provided an auxiliary memo to the GMCVB recommending additional types of research that may be desirable, including conversion studies of advertising.

Existing research indicates that the high value customer includes the conventioner (higher expenditure); the cultural and heritage traveler (longer stay; higher expenditure), the international visitor (longer stay; higher expenditure) and the off-season traveler (lower ADR but a point of occupancy is more valuable to the community in the off season than the high season).

GMCVB should provide research analysis assistance for interested stakeholders either through meetings or memos accompanying data.

Advertising and Promotion

- The Bureau does industry standard trade shows, cooperative promotions, has international representation, and builds long-term relationships with the travel trade.
- The Bureau has helped land some outstanding business; i.e. two Pow Wows (US trade show for international tour operators) and two Super Bowls.
- Cooperative advertising leverages about \$6-7 million additional advertising per year.
- CVB has an active public relations program and hosted 2200 travel writers last year.

Issue: Appropriate Tourism Responsibility of the City of Miami Beach Apart from the Bureau

The City of Miami Beach has a relatively high degree of community involvement in tourism issues, reflecting the importance the industry has in the community and also reflecting the volunteerism embodied in previous “Blue Ribbon” efforts. We believe this ongoing civic involvement can be focused with the addition of a specific tourism staff position within the City that can act as a liaison between city interests and the regional efforts of the Bureau. At the same time, this new position can manage the city-specific issues in the community.

Although we recognize the universal truism that “there is never enough money”, the City of Miami Beach is in a relatively good position with a defined tourism taxing mechanism that generates substantial revenues to participate in a regional effort, a local effort, and support the necessary infrastructure. Continued investment in developing and promoting the tourism industry has the potential to pay dividends, in the form of positive community economic impact, and increased tax revenues.

In positioning Miami Beach within the region, there are several points of difference. The Miami Beach image is that of “the beach”, specifically South Beach and all the lifestyle, ambiance and recreation that implies. This image clearly differentiates it from the rest of Greater Miami. The hot, trendy, hip image of the beach is currently in vogue and useful to the City but it is important to build a stronger foundation beneath that image for when it may no longer be as trendy.

Positioning that incorporates the unique culture and heritage of the area, the Art Deco district and the South Florida beach lifestyle offer opportunities to build this foundation in a manner that (a) is authentic and (b) has long lasting appeal. This positioning of the City of Miami Beach is compatible with both the high value target customer desired by the community and the demographics and psychographics of the existing customer base.

In the attraction of tourism and convention business to Miami Beach there are three major partners and many individual players: the City, the Bureau, and the operator of the convention center, SMG, are augmented by individual efforts of hotels, restaurants, transportation and service providers, as well as other agencies such as the Miami Beach Visitor and Convention Authority (VCA).

The VCA is of particular use to the City because it was set up to provide much of the local development effort discussed below. The State of Florida empowered and established the VCA in 1967. Therefore, the VCA exists pursuant to Chapter 67-930 of the Laws of Florida and Sections 102-246 through, and including 102-254 of the Code of Miami Beach.

By Law, the VCA is a seven-member authority, acting under the laws of the state of Florida, but empowered to represent the City. Each member is appointed by the City of

Miami Beach Commission. The VCA's overarching goal is to encourage, develop and promote the image of Miami Beach locally, nationally and internationally as a vibrant community and, most important, as a world-class tourist destination. As noted, currently, as a result of city-wide referendum in 1998, the VCA receives a portion of the resort taxes (currently at 5% of the 2% collections, with 4% of the 5% to the City for administration of collections).

The VCA strategically focuses all funding as investments in the future of tourism, and through a grants process and a partnership beyond funding, in a balanced manner. The VCA fosters outstanding existing programs, stimulates new tourist-related activities, and encourages and supports partnerships. The VCA is committed to a prudent long-term plan for allocation of resources in order to build the sense of uniqueness of Miami Beach as one of the world's great communities and tourism destinations. The VCA is independent of the City of Miami Beach and as a committee, is not a committee of the CMB, although both missions are intertwined, relative to tourism.

The VCA's mission is to proactively recruit, develop, and financially support and partner with promoters and producers to promote tourism through events, festivals, programs and activities that are innovative, high quality and representative of our City, which garner positive or noteworthy media awareness, which enhance and augment the reputation of Miami Beach and the experience for tourists, year-round, or which significantly impact our local hospitality, retail and culinary businesses.

Even with an optimally structured regional bureau in place, there are still activities the City, the VCA, and its other local partners should take responsibility for. These include:

- **Product development**

- The City of Miami Beach has recognized the importance of renewing and refreshing the Miami Beach tourism product, most specifically with their support for major new convention hotel product. While smaller accommodations properties may see this as the city supporting a competitor, in fact, the critically needed large properties make it possible for many more groups to come to Miami Beach during all seasons of the year; bringing their economic impact to spread around the community and exposing many new visitors to the charms of the destination.
- Miami Beach tourism strengths are recreation, image, culture and heritage. The city should expand their product development effort to promote more attention to the culture and heritage aspects of the destination because they attract the same high value customer demographic that currently comes to Miami Beach. That demographic has been demonstrated to be slightly older, more educated, higher household income, visitors who stay longer, and spend more.

Additionally, the culture and heritage of Miami Beach can be promoted in all seasons. Current upscale programs such as Art Basel contribute to this image and salable packages can be created and promoted more heavily.

- While the Bureau should be focused primarily on international and national marketing reach, the City may wish to focus some energy on local and regional business. Regional draws such as festivals and events, specifically off-season and high image, can be developed and promoted with the recognition that events require substantial time and financial resources. City resources may focus on packaging and maximizing promotion of existing events that may not yet be fulfilling their tourism potential.
 - Wayfinding needs to be improved in Miami Beach with both signage and personal information. The City is currently undertaking a \$1 million wayfinding initiative.
 - With shopping the number one visitor activity nationally, Miami Beach, with assistance from their regional bureau, could maximize their visitor revenues by developing, branding and promoting a Miami Beach shopping experience.
- **Community Education, Hospitality Training and Visitor Welcome Services**
 - The City should work with the industry to develop a community education program that continually educates residents about the value of tourism to the local economy and quality of life. This is a regional issue as well, and the Bureau should also have an active role in this effort.
 - Visitor information services seem particularly weak. The visitor center at the Chamber is tucked away from the mainstream of crowds. During a site visit, the consultants were given little assistance. The kiosk information was very limited. Also there was no obvious source of information “on the beach”.
 - The city should continue its host program efforts to coordinate welcomes, handle complaints, arrange for permits and city services, and provide local information.
- **Local and regional planning and promotion**
 - It is in the best interests of the City of Miami Beach to continue to expand its active partnership collaboration with the Bureau to promote

the brand, Miami. However, because the image of the brand is Miami Beach/South Beach, much of the successful promotion will feature that image as one of the key attractors of the brand. Apart from the Bureau's mission to reach out far beyond the regional borders to attract individual and group visitors, the City may want to solicit additional visitation from the Greater Miami area to come to the Beach. This is wholly appropriate and should be done with City funds not part of the Bureau effort. Prioritization of use of City funds for city-specific marketing is a local decision.

- **Ongoing maintenance of the tourism infrastructure through the full range of General Fund expenditures**
 - The City has been doing a good job about keeping the streets clean, addressing safety, parking and traffic issues; supporting a sustainable convention center, and providing necessary General Fund City services to support a major tourism economy. This is also City specific, rather than Bureau mission, and critical for future success.

Note that the VCA has been an originator of many projects of the type mentioned above, or has served as the funding mechanism for such projects, or both. As the City prioritizes its City-specific efforts, some of these can be implemented more easily by the City issuing RFPs to make things happen rather than simply responding to grant requests. In the design of existing grant programs, care must be taken to ensure that valid and needed requests for funding will genuinely support increased tourism as opposed to supporting the operations of resident amenities.

Summary of Major Findings and Recommendations

Many recommendations, some crucial and some merely consultant suggestions, have been put forward in the preceding discussions of the various interrelated issues. The most important of the recommendations may be summarized in the following points. These points will also be repeated in the Executive Summary along with the important findings from Section III.

Quality of the Relationship Between Bureau and City. The ERA/TDA consultant team has found the quality of the relationship between the GMCVB and the City is currently poor, and obviously has been deteriorating in recent years. The degree of dysfunction in the City-Bureau working relationship threatens to diminish the ability of the Bureau and City to continue growing the economic benefits derived from a healthy tourism-based economy.

Strategic Plan. One fundamental cause of dysfunction in the relationship has been the lack of a Strategic Plan articulating shared goals and objectives. Although the Strategic Plan is now underway, the City has been calling for such a plan for over four years in

order to clarify directions and priorities for all parties that would allow the City to better envision common goals and be a better partner in working with the Bureau. This Strategic Plan should encompass more than a marketing work plan. It should begin with a process to achieve input and buy-in from all the regional partners and clearly define the agreed upon goals and objectives of the GMCVB. It should: set goals and objectives based on a strategic analysis of the research (including research on competitors); identify target markets for attracting visitors; position the various Greater Miami (and Miami Beach) tourism products within the competitive field; suggest what new tourism and convention products should be developed; prioritize improvements in the tourism infrastructure; etc.

Communication Between Bureau and City. Communication problems can be a contributing factor to a declining relationship, and improved communication can be part of the solution. While it may be possible for gifted individuals to overcome even a poor structure in order to rescue a relationship, the focus of this analysis is on how to design an optimal structure that maximizes the probability of a productive working relationship, regardless of the personalities involved. The consultant recommendation is that each party develop a senior level staff position that has primary responsibility for representation to the other party. The City has recently hired a Tourism Director who can function in this role. The consultants' recommendation is that the Bureau create a new executive position, perhaps with the title Senior Vice President of Public Affairs, to have primary responsibility for communicating with constituents in the greater Miami area, including the City of Miami Beach. Examples of how such a position within a bureau's organizational structure has been used very effectively are San Francisco and Los Angeles.

Governance. In the context of the last couple of contract renewals the City has negotiated increased representation on the Bureau's Board and on the Executive Committee. Miami Beach provides approximately one-third (ranging from 30 to 35 percent) of funding from the public interlocal partners, and representation on the Board and key committees is proportional to this one-third financial support. Even so, the City feels their influence over Bureau direction is still insufficient. On the one hand, the Bureau cannot cede majority control of the Bureau to a minority partner, for example functioning like a department of the City of Miami Beach, without alienating the other interlocal partners and the private contributors (both financial and in-kind) that are so essential to an effective national and international sales effort. On the other hand, Miami Beach also invests financially in the tourism industry by being the host to the majority of visitors (and bearing the General Fund cost impacts of visitation). The consultants recommend an implementation process to an optimal state would be to: (1) agree to specific goals and objectives through a shared strategic planning process; (2) establish a level of Bureau funding, reserving other portions of the \$20+ million in visitor generated funds for General Fund costs and local Miami Beach programs; (3) set a long term automatic formula to provide that funding to the Bureau; (4) with influence in proportion to financial support participate enthusiastically in the Bureau governance process, but on a daily operating basis let the Bureau pursue its mission of marketing all of Greater

Miami to the larger world; and (5) enhance the tourism industry development function within the CMB to handle those initiatives that are of most interest at the local Miami Beach level.

Brand Identity. There has been much local debate over the whether or not the Bureau gives sufficient weight to the “Miami Beach” destination in its marketing of the region. Clearly Miami Beach is a major destination within the region; over 75 percent of all overnight guests go to Miami Beach during their stay, and over 40 percent stay in Miami Beach lodging. While local residents may be intensely aware of the political boundaries between communities, the typical visitor is not aware, and frankly does not care. Although the image is typically Miami Beach, often more specifically South Beach, at the international and national scale the brand identity for the region is “Miami.”

Performance Measures. The City also requested performance measures to evaluate the GMCVB, or any other alternative structure, in future years. Recognizing that no standards have existed in the industry for evaluating the performance of bureaus, the International Association of Convention and Visitors Bureaus (IACVB) has led a multi-year program to establish industry standards. The IACVB Board has recently approved a set of standards in October of 2003. As described in the body of the report and appendix, these should be used to evaluate the performance of the GMCVB over time in their own market, and against their own goals. Eventually, industry standardization may allow for some comparison between bureaus, although there are many additional factors that complicate cross-bureau comparisons.

Optimal Model for Marketing Leisure/Tourism. Absent any existing structure, the optimal model for the greater Miami area would be to have the individual communities of interest (e.g., separate municipalities, hotels and other commercial interests) band together to provide a regional marketing organization to influence leisure travelers in selecting the destination. Individual cities and commercial interests also have responsibilities for marketing and promotion to increase their own capture of tourists attracted to the destination. In concept, the GMCVB in the greater Miami area is consistent with the optimal model.

Optimal Model for Marketing Conventions. In today’s highly competitive market, a national scale convention business requires a cohesive package that includes: large and high-quality meeting and exhibition facilities; one or more headquarter hotels; additional hotels with a willingness to “block” rooms; a major airport; seamless ground transportation between airport, hotels and the convention center; interesting offsite event venues; and casual dining and entertainment opportunities. The greater Miami convention package is spread among multiple political jurisdictions. Absent any existing structure, the optimal model for the greater Miami area would be to have the individual communities band together to provide a regional marketing organization to influence meeting and event planners when selecting a destination. Individual hotels and their host communities also have responsibilities to promote their features to increase their own

capture of conventioners. In concept, the GMCVB in the Greater Miami area is consistent with the optimal model.

Advertising Alone as a Model for Marketing Tourism. Advertising is one of the functions employed by a full service Bureau when marketing for both leisure and convention visitors, and is generally provided by recruitment and retention of a separate advertising firm. It has been suggested that the City solicit and directly retain an advertising firm to promote Miami Beach. Advertising is only one of many required marketing functions, however, and a contract with an advertising firm would have to be augmented by substantial investment by the City in other outside vendors or in-house capabilities to provide such services as: provide business leads to lodging properties; coordinate the local business community to prepare bids/proposals for multi-property meetings and events; conduct meeting planner site inspections for prospective groups; staff a visitor information center; conduct familiarization tours; create special interest niche promotions; synergistically coordinate marketing efforts with those of other industry elements within the region; conduct long range strategic planning; promote the tourism industry to the host community through education and special outreach programs; and a wide variety of other critical functions. The consultants do not recommend using an RFP process to hire an advertising firm, because such a firm would not be able to perform the full range of services needed. The optimal model is to form a public-private partnership of regional scope to perform these functions, including the use of an advertising firm. In concept, the GMCVB in the greater Miami area is consistent with the optimal model.

Comparison of the GMCVB with Other Major Bureaus. The ERA/TDA consultant team conducted a benchmarking analysis comparing the GMCVB with national averages for bureaus of its size, and against seven specific peer bureaus. The findings are that the GMCVB is within the norm for major bureaus in terms of: its organizational structure, its accounting practices, its use of satellite offices, size of membership, and most other routine practices and organization characteristics. The GMCVB runs with a smaller than average staff, in percentage terms spending less than the average on payroll, and more than the average on direct promotion. With 67 members, the GMCVB board of directors is more than double the average size for major bureaus, and with 21 members the Executive Committee is also more than double the average size of 9. In a diverse regional setting representing multiple destinations and governmental partners, an argument can be made for maintaining a large board. On the other hand, decision-making in a large board must be delegated to smaller committees and subcommittees making it more difficult for any one member to feel heard.

Funding Mechanism. A consistent and assured funding mechanism would improve performance of the existing working structure between the City and the Bureau, and reduce a source of historical contention. Historically, the City's financial participation in the Bureau has been negotiated every two years. This protracted program identification and negotiation process is not the most effective use of staff time or that of the business people in the industry who have participated in the process. The optimal structure would

involve a formula-based contribution coupled with a long-term agreement, providing greater consistency of funding, yet still fluctuating with macro-economic industry performance. The City would fund additional direct marketing initiatives, and address local needs from visitor-generated revenues.

Role of the City in the Tourism Industry. Rather than expect the Bureau to undertake specific initiatives that apply primarily to Miami Beach, the City should conduct its own blue ribbon community planning process to identify and prioritize programs that should remain under the full control of the City. Programs implemented by the City, at times in concert with the VCA, could logically include:

- Product development (e.g., new cultural and heritage attractions);
- Community education, hospitality training, and visitor welcome services;
- Local planning and promotion; and
- Ongoing maintenance of the tourism infrastructure through the full range of General Fund expenditures.

These City activities should be directed by the same senior staff person that represents the City to the Bureau in order to maintain the tightest coordination in convention and tourism development efforts and to maximize the synergy of both entities working in concert.

In summary, the City should continue to participate in the funding of the GMCVB and participate fully in its effort to market the region to the world at large. At the same time the City should establish a tourism development division within the City. Funding for both of these tourism development functions and funding for the general fund costs of serving visitors should come from the taxes levied on visitors. A shared vision, developed through a strategic planning process, is needed to coordinate the efforts of the Bureau and the City, and help the City allocate their resources among these three expenses. Structural changes within the Bureau are recommended to enhance future communication between the two entities, and parallel structural changes within the City are already being implemented. Recurring negotiations over funding should be replaced with a longer term and automatic funding formula.

APPENDIX A: WHY MIAMI BEACH SHOULD PROMOTE THE BUSINESS OF TOURISM

Perhaps the most general issue of all is why a community should seek to promote a tourism industry in the first place. While this may be obvious to tourism industry professionals, it may not be so obvious to the typical resident of the host community. This Appendix was prepared to serve as a primer for those unfamiliar with the industry.

Why do destinations compete for visitors?

Because tourism is economic development. Visitors bring money into a community from outside its borders, generating revenue for local businesses, providing jobs, generating taxes for governments and contributing to the economic vitality of the area. Historically, tourism often was seen as a service business, and the service industry sector was seen as one that simply recycled local dollars. With a more in-depth economic analysis, policy-makers have come to understand that it is more equivalent to the highly valued manufacturing base sought by many communities because it brings in new dollars to the community from non-residents. And once in the local economy, those dollars are indeed recycled to further expand the economic benefits to local residents (through what is known as the “multiplier effect.”)

What is the tourism industry?

The tourism/travel industry includes the following:

- **Lodging** – Hotels, motels, bed & breakfasts, inns, and ownership or rental of vacation/rental homes/condos.
- **Food Service** – Restaurants and other eating/drinking establishments.
- **Entertainment/Recreation** – Golf, museums, movie theaters, attractions, etc.
- **Retail** – Gifts, clothes, souvenirs and other retail purchases.
- **Auto Transportation** – Privately owned cars, gasoline service stations, and car rental.
- **Public Transportation** – Air, intercity bus, rail, boat, ship and taxi/limousine.
- **Cruise Ships** -- Provisioning ships and accommodating passengers before and after cruise experiences.

Why do communities, states and countries choose to make tourism part of their economic development strategy?

They do so because tourism can generate money more quickly than building a manufacturing plant and often with minimal adverse environmental impact. In doing so,

communities have the opportunities and resources to preserve local culture and heritage and feel the pride in sharing it with others. Promoting a positive destination image is generally translated into increased retail activity, business attraction/retention, resident attraction/retention and support for property values. Services, such as restaurants and attractions, supported by the volume of visitor dollars are also available to residents adding to the quality of life in a community. In addition, tourism is a major job provider with over seven million jobs in the United States being tourism related.

Is tourism an economic cure-all?

No. There are costs associated with it. Visitors need a place to park, they need places to eat and sleep and they need information on things to see and do. It requires time and money to attract them to a community and to provide services to them while they are visiting. Visitors, like residents, also require police and fire protection, streetlights and sewers. They do not however put children in schools, require social services or need band uniforms. Most visitor needs are resident benefits and the revenue communities receive from visitors more than offsets the costs associated with visitor needs. Thus, residents benefit financially and culturally from hosting visitors.

How exactly does tourism produce dollars for a community?

Tourism is a business that a community develops and promotes for its own benefit, both financial and cultural. Tourism creates dollars and jobs by bringing people from outside the area, who spend money. People who stay overnight in hotels/motels and resorts spend approximately two to three times what a day visitor spends, thus a clear economic goal is to “put heads in beds.” The more nights they stay, the more money they spend. Although a lower overall per day spender, the daytrip visitor can have an important impact on a community by attending a cultural event, festival, dining and shopping.

Benefits to local businesses and cultural heritage attractions are clear, but additionally, municipalities reap the rewards of increased local taxes, i.e. sales tax and hotel/resort tax; healthier local businesses and improved real estate paying property taxes; increased awareness and positive image of the community promoted outside the area with property values that reflect this positive image; and increased community pride by residents in their community.

Tourism has been used successfully as a vehicle to promote economic diversity in many urban, suburban and rural communities. Tourism should be considered as part of an overall economic development plan and its importance in that plan will vary depending on the community. Tourism may provide a basis upon which communities can develop, strengthen and renew community pride in their heritage and their area’s quality of life.

Direct visitor expenditures are spread over a wide range of businesses – from lodging, restaurants and gas stations to grocery stores, gift shops and cultural attractions. Indirect

visitor spending occurs with the construction of new hotels and restaurants. These new businesses require local bank financing, the services of floral and landscaping companies for centerpieces and shrubs for decorative gardens. Printing companies provide menus, place mats and brochures for the hospitality industry. Tourism creates a strong and prosperous environment for both businesses and residents.

Recommendations

Some entity must be authorized to market on behalf of the City of Miami Beach to attract both tourists and convention center users. Because of the enormous benefits, this marketing activity is a worthy use of public funds, which are generated by the visitors themselves.

APPENDIX B: INDUSTRY STANDARD DEFINITIONS TO BE USED IN BUREAU PERFORMANCE MEASUREMENT

The following definitions have been adopted by the IACVB in October of 2003 to be used in their system for developing performance measures for bureaus. This Appendix expands upon the discussion of bureau performance measurement in Section V in the main body of the report.

Convention Industry Definitions

APEX Definitions¹

As part of other Performance Measurement Team (PMT) projects, IACVB defined a number of convention industry-related terms, which have since been adopted by APEX. IACVB, in turn, has incorporated other APEX definitions into its efforts. The related terms are defined below.

Convention: An event where the primary activity of the attendees is to attend educational sessions, participate in meetings/discussions, socialize, or attend other organized events. There is a secondary exhibit component.

Meeting: An event where the primary activity of the attendees is to attend educational sessions, participate in meetings/discussions, socialize, or attend organized events. There is no exhibit component to this event.

Trade Show/Exhibition: An event where the primary activity of the attendees is to visit exhibits on the show floor. These events focus primarily on business to business (B2B) relationships.

Site Inspection: Personal, careful investigation of a property, facility, or area.

Citywide event: An event that requires the use of a convention center or event complex and multiple hotels in the host city.

Attendees: A combination of delegates, exhibitors, media, speakers, and guests/companions who attend an event.

Delegates: Individuals who attend an event to primarily visit the exhibits or attend meetings and/or conference sessions. This excludes exhibitors, media, speakers, and companions.

¹ The mission of APEX (Accepted Practices Exchange), an initiative of the Convention Industry Council, is to bring together all stakeholders in the development and implementation of industry-wide accepted practices which create and enhance efficiencies throughout the meeting, convention, and exhibition industry.

Exhibitors: Those who attend an event to staff an exhibit.

Additional Convention Industry Definitions

Direct Spending: All expenditures associated with an event that flow into the host destination's local economy. Direct spending includes attendee spending, exhibitor spending and event organizer spending. Note: IACVB's ExPact study (to be released in 2004) will standardize and systemize direct spending calculations for events.

Total Economic Impact: Events generate secondary spending (indirect and induced) on the host destination's local economy over and above the original direct spending. These secondary impacts, when combined with the original direct spending, result in the total economic impact of an event. Indirect spending is spending by the host destination's travel industry businesses on goods and services from local suppliers on behalf of the specific event. Induced spending occurs when employees in the host destination's travel industry and its suppliers spend their wages in the local economy. This chain of buying and selling among businesses and employees continues until the original direct spending "leaks out" of the local economy. The economic multiplier is calculated as total economic impact divided by direct spending. (Source: Travel Industry Association of America)

IACVB Convention Sales Definitions (recommended)

IACVB recommends CVBs adopt the following definitions governing the convention sales process:

1) Lead:

When an event inquiry by a corporation/association/organization/independent meeting planner that includes a request for a minimum of 10 sleeping rooms over a specific set/range of dates is forwarded by the CVB sales staff ONLY to those hotels that meet the meeting planner's event criteria. A lead is more formalized than just exchanging/forwarding business cards to hotels.

Note: For convention center events, if the CVB sends a lead first to the convention center for date availability and then to the hotel(s) for room blocks as a matter of policy, this process should be counted as ONE lead for reporting purposes.

Note: Lead is both a status level AND the actual physical inquiry sent to the hotel(s)/convention center.

2) Bid

Proposal submitted by the CVB and/or hotel(s) to a planner that includes defined dates and room blocks. Note: A bid is an activity, not a productivity measure.

3) Tentative

Status assigned to a group/event after the bid has been submitted to the meeting planner and the destination is waiting for a decision. Note: The tentative status is only a trackable measure, not a productivity measure.

4) Booking

a) Hotel Event: A future event contracted in writing by the event organization with the hotel. The CVB should receive a copy of the contract OR a written communication from an authorized agent of the hotel that a contract has been signed. The communication should detail dates, space requirements and estimated room block. The CVB should track estimated attendance and attendee spending for the event.

b) Citywide/Convention Center Event: Given the long-time frame often involved in booking a citywide/convention center event, the booking process generally takes two steps:

i) Confirmed booking - A future event confirmed in writing (letter, booking notice) signed by an authorized agent of the event organization and the convention center (if applicable). The communication should detail dates, space requirements and estimated room block. The CVB should track estimated attendance and attendee spending.

ii) Contracted booking – A future event contracted in writing by the event organization with the event facility (e.g., convention center). The CVB should receive communication of this stage in writing from an authorized agent of the convention center.

5) Lost Opportunity

A potential event in the lead or tentative stage that was subsequently lost by the destination. This does NOT include venue changes within the destination. The CVB should track the number of estimated room nights, attendance and attendee spending and the reason associated with the lost opportunity.

6) Cancelled Business

An event that was booked for the destination (a contracted booking for a citywide/convention center event) that subsequently did not take place, either because the event itself was cancelled or left the destination before taking place. The CVB should track the estimated number of room nights, attendance and attendee spending and the reason associated with the cancellation.

Appendix C

LOG OF INITIAL MIAMI AREA INTERVIEWS CONDUCTED BY ECONOMICS RESEARCH ASSOCIATES AND TOURISM DEVELOPMENT ASSOCIATES

Sorted by Last Name

Date	Name	Title	Organization	In Person/ Telephone
7-Feb	Abbatichio, Jeff	Director Public Relations	Loews Miami Beach	In-Person
3-Feb	Aedo, Rolando L.	Vice President, Marketing & Tourism	Greater Miami Convention & Visitors Bureau	In-Person
6-Feb	Aller, Michael	Tourism & Convention Director and Chief of Protocol	City of Miami Beach	In-Person
3-Feb	Anderson, Jr., William	Director, Planning & Research	Greater Miami Convention & Visitors Bureau	In-Person
17-Mar	Barreiro, Bruno	County Commissioner	Miami-Dade County	Telephone
5-Feb	Blumberg, Stuart L.	President & CEO	Greater Miami & The Beaches Hotel Association	In-Person
25-Feb	Bode, Jim		Roney Palace	Telephone
6-Feb	Bower, Matti Herrera	Commissioner	City of Miami Beach	In-Person
4-Mar	Buchanan, John	Journalist/Resident	Various travel publications	Telephone
4-Feb	Crowder, Kevin	Director Economic Development Division	City of Miami Beach	In-Person
6-Feb	Cuervo, Christina M.	Assistant City Manager	City of Miami Beach	In-Person
4-Mar	Datorre, Roberto	Executive Director	Miami Beach CDC	Telephone
11-Mar	Derandi, Ava		Ritz Plaza Hotel	Telephone
4-Feb	Dermer, David	Mayor	City of Miami Beach	In-Person
6-Mar	Diaz, Manny		Gumenick Development	Telephone
6-Feb	Garcia, Jr., Luis R.	Commissioner	City of Miami Beach	In-Person
7-Feb	Goldman, Tony	Chairman	Greater Miami Convention & Visitors Bureau	Telephone
7-Feb	Gonzalez, Jorge M.	City Manager	City of Miami Beach	In-Person
7-Feb	Hart, Wendy	Vice President of Development	Island Outpost	In-Person
7-Feb	Howard, Elsie Sterling	Chairperson	Miami Beach Visitor and Convention Authority	In-Person
6-Feb	Jackson, Cathy	Director	Miami-Dade County Audit & Management Svcs. Dept.	In-Person
6-Feb	Johnson, Bill	Assistant County Manager/Transportation Manager	Office of the County Manager, Miami-Dade County	In-Person
8-Apr	Kasdan, Neisen	Former Mayor	City of Miami Beach	Telephone
27-Feb	Kelsey, David		S. Beach Hotel & Rest Assoc.	Telephone
7-Feb	Lefton, Donald	Vice Chairman	Continental Hospitality Holdings, Inc.	Telephone
5-Feb	Levin, Sidney	Vice President Corporate/External Affairs	Florida Power and Light	Telephone

Date	Name	Title	Organization	In Person/ Telephone
16-Mar	Litz, Norman	Director of Facilities	New World Symphony	Telephone
7-Feb	Marcos, Grisette Roque	Executive Director	Miami Beach Visitor and Convention Authority	In-Person
6-Feb	Milberg, Michael	Chairman	Miami Beach Chamber of Commerce	Telephone
3-Feb	Moriarity, Ita	Senior Vice President, Convention Sales	Greater Miami Convention & Visitors Bureau	In-Person
26-Feb	Muss, Melanie		Fountainbleau Hotel	Telephone
5-Feb	Muss, Steven	Owner	Fountainbleau Hilton	Telephone
5-Feb	Polansky, Linda	General Manager	The Clay Hotel	In-Person
6-Feb	Shaw, Donna	Culture and Tourism Development Director	City of Miami Beach	In-Person
7-Feb	Singer, Bruce	President	Miami Beach Chamber of Commerce	Telephone
4-Feb	Smith, Jose	Commissioner	City of Miami Beach	In-Person
6-Feb	Steinberg, Richard	Commissioner	City of Miami Beach	In-Person
4-Mar	Suarez-Rivas, Rafael	Assistant City Attorney	City of Miami	Telephone
6-Feb	Talbert, III, William D.	President & CEO	Greater Miami Convention & Visitors Bureau	In-Person
4-Feb	Tober, Doug	General Manager	Miami Beach Convention Center, Jackie Gleason Theater	In-Person
7-Feb	Velazquez, Jr., Orlando	General Manager	Holiday Inn South Beach Resort	In-Person
7-Feb	Walker, Patricia D.	Chief Financial Officer	City of Miami Beach	In-Person
14-Feb	West, Alvin	Senior Vice President, Finance and Administration	Greater Miami Convention & Visitors Bureau	Telephone
5-Feb	Whitaker, David Sr.	Vice President	Greater Miami Convention &	In-Person
14-Feb	Yarzabal, Joe	Vice President of Accounting	Greater Miami Convention & Visitors Bureau	Telephone

GROUP INTERVIEWS AND OTHER SIGNIFICANT MEETINGS

Date	Description of Group	In Person/ Telephone
3-Feb	Study Steering Committee appointed by the City of Miami Beach	In-Person
4-Feb	Tuesday Morning Breakfast Club - Puerto Sagua	In-Person
4-Feb	Miami Beach Chamber of Commerce, Board of Governors Meeting	In-Person
5-Feb	Commission Meeting, City of Miami Beach	In-Person
7-Feb	VCA Luncheon	In-Person
23-Jun	Study Steering Committee appointed by the City of Miami Beach	Telephone

APPENDIX D: RESORT TAX REVENUE

Miami Beach Resort Tax

The City of Miami Beach collects resort tax revenues generated from the sales of hotel rooms, food and beverage. There is a two percent tax collected on rooms, food and beverage, as well as a one percent tax collected on rooms only. For the purposes of this report, the two percent tax will be referred to as the “resort tax”, while the one percent tax will be referred to as the “room tax”.

Miami Beach resort and room tax revenues for Fiscal Years 2000/2001, 2001/2002, and 2002/2003 are presented in **Table D-1**. As shown, resort and room tax revenue totaled \$23.7 million in FY 2000/01 and dropped to \$21.4 million in FY 2001/02 following the events of 9-11. Total accrued revenues have more than recovered in FY 2002/03, to \$24.7 million. The total resort taxes generated were nearly \$19.5 million in FY 2000/01, \$17.8 million in FY 2001/02, and \$20.5 million the following fiscal year. Room tax revenues decreased from \$4.2 million in 2000/01 to \$3.6 million in 2001/02, and increased again to \$4.1 million in FY2002/03.

Table D-1
City of Miami Beach Resort and Room Tax Revenues by Month, 2000-2003 ¹

Month	Fiscal Year 2000/2001			Fiscal Year 2001/2002			Fiscal Year 2002/2003		
	2% ²	1% ³	Total	2%	1%	Total	2%	1%	Total
October	\$1,347,250	\$291,484	\$1,638,734	\$1,047,867	\$201,764	\$1,249,631	\$1,255,512	\$237,979	\$1,493,491
November	\$1,553,662	\$307,694	\$1,861,356	\$1,255,779	\$226,828	\$1,482,607	\$1,490,489	\$300,488	\$1,790,977
December	\$1,551,363	\$333,962	\$1,885,325	\$1,545,550	\$310,530	\$1,856,080	\$1,756,296	\$330,112	\$2,086,408
January	\$1,989,338	\$477,508	\$2,466,846	\$1,846,999	\$409,581	\$2,256,580	\$1,875,292	\$411,389	\$2,286,681
February	\$2,044,648	\$510,817	\$2,555,465	\$2,046,674	\$438,783	\$2,485,457	\$2,246,577	\$501,314	\$2,747,891
March	\$2,385,673	\$556,636	\$2,942,309	\$2,388,734	\$502,267	\$2,891,001	\$2,465,367	\$520,199	\$2,985,566
April	\$1,827,087	\$418,177	\$2,245,264	\$1,628,995	\$323,500	\$1,952,495	\$1,926,407	\$409,982	\$2,336,389
May	\$1,775,147	\$351,024	\$2,126,171	\$1,395,655	\$267,435	\$1,663,090	\$1,753,930	\$351,112	\$2,105,042
June	\$1,322,050	\$270,178	\$1,592,228	\$1,192,158	\$242,366	\$1,434,524	\$1,382,211	\$251,738	\$1,633,949
July	\$1,390,672	\$270,005	\$1,660,677	\$1,203,819	\$219,164	\$1,422,983	\$1,540,354	\$291,482	\$1,831,836
August	\$1,353,555	\$271,725	\$1,625,280	\$1,261,765	\$241,758	\$1,503,523	\$1,519,906	\$285,913	\$1,805,819
September	<u>\$933,450</u>	<u>\$164,199</u>	<u>\$1,097,649</u>	<u>\$1,014,957</u>	<u>\$169,461</u>	<u>\$1,184,418</u>	<u>\$1,333,041</u>	<u>\$232,780</u>	<u>\$1,565,821</u>
Total	\$19,473,895	\$4,223,409	\$23,697,304	\$17,828,952	\$3,553,437	\$21,382,389	\$20,545,382	\$4,124,488	\$24,669,870

¹ Revenue is accrual-based, reflecting when the tax revenue was generated. Fiscal years end September 30.

² Refers to 2% resort tax on rooms, food and beverage.

³ Refers to 1% room tax.

Source: City of Miami Beach

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